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Jeffrey Friedman

F. A. HAYEK'S SOCIOLOGY

It is a true pleasure to present an issue devoted to the work of F. A. Hayek on the occasion of his ninetieth birthday. Even apart from his many great achievements spanning several fields, there is a great deal to admire in Hayek's career. His originality, erudition, open-mindedness, intellectual courage, catholicity of interests and, most of all, his devotion to meticulous and fair-minded scholarship would be exemplary if considered separately, but together, they form a combination rarely seen in one person. That combination inspired the founding of CRITICAL REVIEW three years ago, and our greatest hopes for it would be fulfilled if its scholarly standards could be said to approach those of F. A. Hayek. I am certain that the contributors to this issue and the other editors of CRITICAL REVIEW join me and our publisher in wishing Professor Hayek the best of health and fortune in his tenth decade.

This issue treats, among other things, four of the major concerns that have animated Hayek's work. In the case of two of these concerns—the failures of socialism and of social-scientific positivism or "scientism"—Hayek's strictures must be recognized as prophetic. But as Gary Madison points out in his discussion of Hayek's hermeneutics, Hayek's rejection of scientism not only went unheeded forty-five years ago, it is even now largely unappreciated. The loss involved here may be seen by comparing Hayek to other, better-known post-modernists, who agree that human studies cannot be modeled on physical science, but whose anti-foundational reasons for that position lead them perilously close to

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relativism. Hayek is not so impressed by his own interpretive turn that he rejects the notion of interpretive *truth*. He is a fallibilist and a nonrationalist, but still a "logocentrist" of sorts. It is worth noting Hayek's insistence (e.g., in "The Facts of the Social Sciences") that interpretive approaches to human studies are *unavoidable*, that "we *must* rely on this sort of reasoning whenever we discuss what we all know as specifically human or intelligible activities." Even scientistic social observers must unwittingly use *theory* in order to understand human behavior, so there is no possible scientistic ideal from which interpretation represents a fall. Thus, the impossibility of a purely empiricist understanding of people (or texts), untainted by interpretation, is not so scandalous to Hayek that it implies the impossibility of truth itself. The fact that (as Madison points out) in the human sciences, "reality" itself is an interpretation—i.e., an understanding of social relations on the part of participants in them—makes it no less a check on the theorist's speculations than that of physical reality when it falsifies the physicist's hypotheses.

Closely related to Hayek's interpretivism is his methodological individualism. Given his training as an economist, in fact, the latter may have contributed to the former. Interpreting human behavior requires assuming that other individuals see themselves the way we each see ourselves—as an individual. We are aware of social influences on us, but we are also ineluctably aware of our individual freedom of action. Deriving social order from the undeliberately coordinated activities of individuals interpreted as being like us leads Hayek to the second major theme discussed in this issue, his idea of "spontaneous order." Simon Green uses it as part of an incisive critique of Anthony Giddens's influential sociological theory of structuration, suggesting an alternative way to approach the central question of sociology—the relationship between society and the individuals who compose it.

Gus diZerega's important paper extends spontaneous-order analysis to a new realm, the theory of democracy. He shows that a Hayekian approach offers fresh insights into the nature of democracy, and more controversially, he argues that recognition of the spontaneous-order characteristics of democracy should increase our enthusiasm for that form of government. Laurent Dobuzinskis extends spontaneous-order analysis even further; and even more controversially, he contends that the complexities of such analysis undermine the classical liberal social and economic conclusions Hayek has reached.

The third area treated here is Hayek's jurisprudence. Hayek's classical liberalism leads him to seek a way to limit government power; but rather than prohibiting certain kinds of state activities, Hayek would

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require them all to conform to abstract and, therefore, neutral rules. Within that constraint, law is to evolve, as the Common Law did. Here Hayek himself extends spontaneous-order analysis, this time to legal theory; but Norman Barry is concerned that a spontaneous legal system is threatened with a collapse into either mindless conservatism or illiberal judicial activism. Hence he turns to one version of the recent revival of contractarian theory, which he views as sufficiently liberal without being rationalistic. Anthony de Jasay, however, argues that neither Hayekian neutralism nor social-contractarian consensualism can restrain the tendency of democratic government to expand limitlessly. Without the competing power centers of feudalism, the modern polity possesses no mechanism of self-control. And with the passing of libertarian taboos against the self-interested logic of democratic expansion, de Jasay is not optimistic that anything can stop the interest-group state from growing ever stronger.

David Miller's discussion of Hayek's new book opens the consideration of our fourth theme, Hayek on socialism. Among the many important points he makes are that Hayek does not come to grips with concessions to the market that socialists have made in recent years. Of course, as Leland Yeager's review of the same book points out, those concessions demonstrate that in some respects, Hayek has already won the debate over socialism. If "market socialism" is to be the socialism of choice, this was already addressed—and most effectively—by Hayek and his teacher Mises in the debate over socialist calculation in the 1920s and 30s. (See, e.g., the papers by D.L. Prychitko and P. J. Boettke in CRITICAL REVIEW 2, no. 4.) And if redistributivism is all that is left of socialism, de Jasay's fears are apposite.

Brian Lee Crowley's book, reviewed by David Levy, underlines a startling similarity between Hayek and two of his *bêtes noires*, the Webbs: the de-politicized, economistic nature of their social thought. Levy intriguingly attributes this, in Hayek's case, to the pluralistic nature of the Austro-Hungarian Empire in which he was raised. In any case, Crowley's thesis highlights a matter with which we have seen most of the other papers in this issue deal, regardless of the topic to which they were addressed. That is the applicability of Hayek's idea of spontaneous order to fields other than that from which it undoubtedly sprang: economics.

As this issue makes clear, spontaneous order is, as a sociological insight, invaluable. Whether the question is the evolution of law or other social institutions or the working of democracy, spontaneous-order analysis provides important advances in our understanding, just as it does in illuminating the origin and operation of market economies. However, in

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the latter realm, spontaneous order takes on a *normative* quality quite apart from its descriptive value—as even socialists, by their recent embrace of the market, demonstrate. The superior ability of spontaneous economic order to produce the material means for human ends makes it indispensable to any extended human society. But this fact can lead to an uncritical valorization of spontaneous order in other fields. The fact that democracy, law and a host of other aspects of social life exhibit spontaneous ordering does not necessarily entitle us to assume that, as may be the case in the economy, the more spontaneous the order, the better. DiZerega and Dobuzinskis underline the fact that political and economic spontaneous orders can clash with each other; Barry, de Jasay, Miller and Yeager all attempt to deal with that conflict. There is, apparently, little sense in valuing spontaneous order per se. As with economics, a sociology of spontaneous order would delineate the unforeseen consequences of action. But neither discipline can, alone, prescribe policies or constitutions. Hayek's prescriptive liberalism is well known, but this issue hints that he may equally come to be remembered for his descriptive (*and*, contrary to Madison, interpretive) sociology.

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G. B. Madison

HAYEK AND THE INTERPRETIVE TURN

In a recent work on methodology in the human sciences Donald Polkinghorne observed:

> Developments in the philosophy of science during the past two decades have shattered the consensus which was achieved during the period from the 1930s to the 1950s by logical positivism. Research is now conducted in what has come to be known as the "postpositivism" period.[1]

The central feature of the move towards postpositivism (or postmodernism, as others refer to it) consists, according to this author, in a rejection of the Platonic-Cartesian conception of apodictic science, *episteme*; in fact, what is rejected is the very distinction, *episteme/doxa*.[2] Postpositivist philosophy of science insists on the "perspectival or context-bound aspect of knowledge."[3] Polkinghorne argues that the postpositivist turn in basic philosophy of science—as instanced in the work of Kuhn, Toulmin, Hesse, and others—"calls for a reassessment of human science methodology and the adjustments it has made in order to conform to the demands of positivist science."[4]

The postpositivist turn as it applies to the human sciences is one with which an increasing number of authors have come to be concerned and have described in various ways. Richard Rorty has labelled it the move

The author is professor of philosophy at McMaster University and the Graduate Faculty, University of Toronto and Director of the Canadian Society for Hermeneutics and Postmodern Thought. His works include *The Logic of Liberty* (Greenwood, 1986) and *The Hermeneutics of Postmodernity* (Indiana, 1988).

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from "epistemology" to "hermeneutics."[5] In a useful collection of essays on the subject, Rabinow and Sullivan have referred to it as "the interpretive turn."[6] What "the interpretive or hermeneutic approach"[7] stands for is a rejection of what Lewis White Beck referred to as "the Natural Science Ideal"[8]—the idea espoused by the logical positivists of a Unified Science embracing both the natural and the human sciences. The interpretive approach rejects this sort of methodological imperialism; it rejects the idea that the human sciences can or ought to be modeled on the natural sciences. As articulated by Charles Taylor, it rejects the very idea that the purpose of the human sciences is to *explain* (in the customary scientistic sense) and *predict* human phenomena.[9] Because the principal goal of the human sciences is not to *explain* human affairs but to *understand* them, formal scientific methodology and quantification techniques are ill-suited to these disciplines, having at best a strictly limited usefulness. What above all is called into question is the applicability to human affairs of subhuman reductionist models (such as those borrowed from genetics or cybernetics).

The interpretive turn in the human sciences represents a most significant development. And yet it is far from being universally accepted. On the Continent where it was first argued for by various phenomenological writers, it was hotly contested in the sixties and seventies by various structuralist and semiological schools of thought which stressed the primacy of the impersonal system and which embodied a resurgence of the positivist ideal of a pure, "objective" science "stripped of all sentimentality," as Lévi-Strauss phrased it.[10] In the English-speaking world the present fascination with Cognitive Science and Artificial Intelligence testifies to a similar hold of objectivistic, reductionistic science—what F. A. Hayek referred to as *scientism*—on the human mind. Rabinow and Sullivan remark:

> Interpretive social science has developed as the alternative to earlier logical empiricism as well as the later systems approaches, including structuralism, within the human sciences. It must continue to develop in opposition to and as a criticism of these tendencies.[11]

Given the present ambivalence of the human sciences, which seems to be uncertain as to which way they should turn, a revisitation of the critique of objectivism that Hayek elaborated in the early 1940s, in the heyday of positivistic thinking, could prove instructive. His critique of scientism is certainly of great historical interest in that it was one of the first serious critiques of such a sort in the English-speaking world, and,

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as such, was destined to be largely ignored. In what follows I would like to reflect on some of the main features of Hayek's defense of the interpretive approach in the human sciences as set out in his "Scientism and the Study of Society," forming Part One of *The Counter-Revolution of Science*,[12] a work which has been described as "one of the important, though neglected, books of our times."[13]

Interpretation vs. Explanation

Hayek's book is throughout a critique of what he very aptly referred to as "scientism" or the "scientistic prejudice" (terms he took over from the French). By "scientism" he meant the "slavish imitation" (24) on the part of the human sciences of the concepts, methods, and goals of the physical sciences—in effect, the attempt on the part of the human sciences to mimic the "objectivity" which is thought to characterize the natural sciences. What he was attacking under this heading was "the positivist ideal" of analyzing human affairs as an "observer from another planet" (139). For Hayek a purely "objective" approach to man is totally inappropriate (if, that is, it claims to be something more than biology or physiology) and is, moreover, totally incapable of providing us with anything but the most inessential forms of knowledge about man, since, as we shall see in a moment, human affairs can be properly understood only by means of a category which is totally foreign to "objective" science, namely that of *meaning*.

It should perhaps be noted that Hayek's attack on scientism—like that of the phenomenologists and hermeneuticists—was not intended as an attack on science itself. Like these others, what Hayek was attacking is the refusal on the part of scientists to recognize the limits of positive scientific rationality (see 162). For Hayek, the attempt on the part of the human sciences to ape the methods of the natural sciences is "decidedly unscientific in the true sense of the word, since it involves a mechanical and uncritical application of habits of thought to fields different from those in which they have been formed" (24). It amounts to no less than an "abuse of reason" (the subtitle of Hayek's book is "Studies on the Abuse of Reason"). Moreover, as Hayek argues towards the end of "Scientism and the Study of Society," when (as is, of course, always the tendency) the results of this "very prejudiced" (24), scientistic rationalism are concretely applied in the social, political, and economic realms the result can easily be a thoroughgoing irrationalism—or a super-rationalistic technocratism, which comes down to much the same thing.[14]

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That Hayek's critique of scientism in the human sciences is a call to his readers to make the interpretive turn is evidenced by his maintaining that human affairs can properly be understood only in light of the category of meaning, a category which is, quite understandably, absent from the physical sciences. The latter deal with mere things (*blose Sachen*, as Husserl would have said), whereas the human sciences deal with the interactions between humans and things or between humans and humans (41). And these interactions cannot possibly be *understood* apart from the category of meaning. To think that social phenomena can be understood, i.e., "explained," "in physical terms, in 'physical language,' is . . . entirely erroneous" (88). Human action must be understood as purposeful, meaningful behavior if it is not to cease to be human altogether. "Unless we can understand what the acting people mean by their actions any attempt to explain them, that is, to subsume them under rules which connect similar situations with similar actions, is bound to fail" (53). A human science such as economics which, like the other social sciences, is concerned "to explain the unintended or undesigned results of the actions of many men" (41) "must start from what men think and mean to do" (57); "the objects of economic activity cannot be defined in objective terms but only with reference to human purpose" (52–53). In any event, unlike Lévi-Strauss, who said that he wanted to study men "as if they were ants,"[15] Hayek asks what possible sense we could make of the world "if we were really to dispense with our knowledge of what things *mean* to the acting men, and if we merely observed the actions of men as we observe an ant heap or a beehive" (105).

The interpretive anthropologist Clifford Geertz has said that "what we call our data are really our own constructions of other people's constructions of what they and their compatriots are up to."[16] Hayek similarly remarked that, unlike the situation in the physical sciences, "in the social sciences our data or 'facts' are themselves ideas or concepts"(61). A purely explanatory, causalistic, physicalistic type of approach will not enable us to grasp these meanings; in the social sciences "the relations between men . . . cannot be defined in the objective terms of the physical sciences but only in terms of human beliefs" (52). Although Hayek expressed himself to a large extent in the dualistic language of modernist epistemology and spoke for instance in terms of the mental versus the physical, the point he was seeking to make by means of his "anti-physicalist" thesis is of genuine heremeneutical interest. We can, as the empiricist would say, "observe and describe" physical objects, but in order properly to understand things "mental"

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we must *interpret* them: "Wherever we speak of mind we interpret what we observe in terms of categories which we know only because they are the categories in which our own mind operates" (136). Understanding the humanly other involves what Gadamer would call a "fusion of horizons." Where such a "fusion" is not possible, neither, says Hayek, is any understanding possible (see 136ff). Interpretation, Hayek writes, "is the only basis on which we ever understand what we call other people's intentions, or the meaning of their actions; and certainly the only basis of all our historical knowledge since this is all derived from the understanding of signs or documents" (135). To speak of "interpretation" is to speak of a situation where (as Heidegger would say) understanding is possible only because, in virtue of our *being* human subjects, we already have a pre-theoretical understanding of that which is to be understood and of what it means to be a human subject.

It is important to note that the object proper to the human sciences *is itself an interpretation*; it is not an "objective fact." The simple hermeneutical fact of the matter is that "so far as human actions are concerned the things *are* what the acting people think they are" (44). Thus, "the object or the 'facts' of the social sciences are also opinions . . . of those whose actions produce the object of the social scientist" (47). It follows that since the object of the social scientist is a meaningful pattern of relationships which exists only as a product of human interpretive activity, the social scientist himself can have access to it only through a reconstructive interpretive activity on his part. Patterns of meaning or "wholes"—"webs of significance he [man] himself has spun," in Geertz's phrase[71]—are not "things" and are not "given" in such a way that they can simply be observed and described (as the empiricist would say). They are, as Hayek says in his attack on the "myth of the given," "without exception constructions of our mind. They are not 'given facts,' objective data of a similar kind which we spontaneously recognize as similar by their common physical attributes. They cannot be perceived at all apart from a mental scheme that shows the connection between some of the many individual facts which we can observe" (96; see also 125).[18]

The function of theory in the social sciences is not hypothetical-deductive or hypothetical-experimental, hermeneuticists maintain, nor is its purpose that of forming covering laws under which individual events can be logically subsumed; rather, it is, as Hayek says in regard to history, that of "forming or constituting the wholes to which history refers" (125). As Geertz would say, the analysis of culture is "not an experimental science in search of law but an interpretive one in search of

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meaning.''[19] The function of theory is, in other words, interpretive; it is that of *imaginatively reconstructing those "wholes" which can never be directly perceived* (see 93n1) and which are the undesigned results of human activity—their embodied significance, in effect.

Gadamer has said: ''The logic of the human sciences is . . . a logic of the question.''[20] The most important thing in social inquiry is not the objective ability to observe and describe what is the case ''in fact''—in such a way as to obtain the ''correct'' answer—but the subjective ability to know which sort of questions are appropriate in the first place. A social ''whole'' can appear to the interpreter only as a result of the question he himself brings to bear upon the phenomena. As Hayek says, ''It is only the question that we ask . . . which will define our object'' (123). And as he observes in regard to history, this ''means nothing less than that a historical process or period is never a single definite object of thought but becomes such only by the question we ask about it; and that, according to the question we ask, what we are accustomed to regard as a single historical event can become any number of different objects of thought'' (122). As is the case with the hermeneuticists, for Hayek human understanding is always selective and interpretive. The Cartesian-positivist notion that the mind is a kind of mirror of nature, such that if only one has latched on to the right method one can represent to oneself in an ''objective'' fashion the real as a ''totality'' (''reality itself'') is an illusion of the scientistic misunderstanding of human understanding.[21]

Subjectivity and Subjectivism

The position that Hayek seeks to defend by means of his critique of scientistic objectivism is one to which, like other Austrian-school economists, he attaches the label ''subjectivism.'' From a philosophical and, more specifically, phenomenological point of view, it must be admitted that this is a most unfortunate (or—as a speech-act theorist might say—infelicitous) choice of terminology. It suggests a kind of Romantic exhaltation of ''subjectivity'' over cold, detached, scientific ''objectivity,'' a simple reversal of the pro and the con. As Rabinow and Sullivan point out, the contemporary interpretive approach seeks to overcome ''the almost de rigueur opposition of subjectivity and objectivity.''[22] Over against the objectivistic obfuscation of the subject, it seeks to rehabilitate the subject, but it seeks to do so in a way which avoids all subjectivism, i.e., all reduction of meaning to the conscious constituting

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activity of a sovereign transcendental Ego in the manner of German idealism.[23] At one moment, when attempting to contrast "the subjectivist approach of the social sciences and the objectivist approach of the natural sciences" (47), Hayek writes:

> We can do no better when describing this difference between the approach of the natural and that of the social sciences than to call the former "objective" and the latter "subjective." Yet these terms are ambiguous and might prove misleading without further explanation. (46-47)

Hayek's last remark is most revealing: he was clearly aware that these terms "inevitably carry with them some misleading connotations" (49).[24]

However, apart from the fact the term "subjective" had long been used in a precise, unequivocal sense in Austrian economics (in regard, in particular, to the "subjective theory of value"),[25] there are obvious reasons why Hayek, in the particular time and place in which he was writing, should have been led to employ this particular terminology. To attack objectivism is to attack the notion that in order to achieve valid knowledge the social scientist must take up a position which is supposed to be that of the natural scientist, namely that of a detached, disembodied onlooker, a pure spectator, acting in a spirit of disinterested "objectivity" and eschewing all "subjective" considerations. However, in the social sciences one simply cannot, as we have seen, avoid taking into account in one's interpretive theorizing the interpretive activity of the acting subjects themselves. Moreover, the very condition of being a human scientist (of interpreting these interpretations) is that one does *not* seek, as Kierkegaard would have said, to abstract from one's own subjectivity, since it is precisely this which is, according to Hayek, the indispensable condition of our understanding human objects such as language systems or economic transactions.[26] To attempt to take up a purely "objective" view would quite simply be to deprive oneself of any proper "subject" matter at all![27]

By a kind of natural logic this led Hayek, in the manner of nineteenth-century Romantic, pre-phenomenological hermeneutics, to contrast knowledge "from the inside" with knowledge "from the outside" (see 93). This, however, is not a very appropriate manner of speaking since it presupposes, in a modernistic fashion, a kind of dichotomous, Cartesian split between man (the "mental") and nature and implies that the social scientist can have direct, intuitive access to the patterns of meaning he is concerned with through some kind of empathetic introspection; thus he

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need only describe, not interpret. This of course, as we have seen, is something Hayek does not maintain. The object of the social scientist is not "given" (even from the "inside") but must be painstakingly reconstructed—by means, precisely, of his interpretation of the meaningful behavior of individuals. The name that Hayek and other Austrian economists attach to this interpretive procedure is "methodological individualism," of which a contemporary Austrian says:

> Of course, tracing social phenomena back to choices made at the level of the individual does not imply that these phenomena are intended or even understandable by those whose actions produce the phenomena. Austrians generally appreciate the reality of the invisible hand. However, a minimum criterion for a theory's acceptance is that the outcomes explained by the theory be understandable as the result of human action, if not necessarily of human intention.[28]

Although Hayek's "subjectivism" and "methodological individualism" were fully hermeneutical in both spirit and practice, his choice of vocabulary, as I have indicated, was not always unproblematic and could in fact easily give rise to misunderstandings. Indeed, to speak for instance in terms of outside *versus* inside, objective *versus* subjective is, phenomenologists would argue, to allow oneself to be contaminated by the very objectivism one is seeking to overcome. In his attack on objectivism and his defense of the "subjective," Hayek anticipates in a surprising way the position later developed by various phenomenological hermeneuticists. One can only wonder how differently, and with what greater terminological caution, he might have expressed his key insights had he been more aware of the phenomenological tradition and its critique of objectivism (and its counterpart, subjectivism). One is tempted to wonder also what effect this might have had on the whole development of the philosophy of the social sciences in the English-speaking world. As things turned out, and falling as it were between two stools, Hayek's critique of scientism was destined to go largely unnoticed or unheeded by social science theorists, Anglo-Saxon and Continental alike.

The Poverty of Economism

In particular, one is entitled to wonder what effect Hayek's critique of scientism might have had on economic methodology had he been in a position to emphasize the distinctly hermeneutical and postmodern aspects of his thought and had he not subsequently accorded his moral

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caution to a philosophy of science as alien in so many ways to his own methodological orientation as was the revised (watered down) version of positivism ("falsificationism") defended by his friend Karl Popper.[29] As Austrian economist Don Lavoie has observed, economists on the whole still tend to view economics as a "sort of Newtonian physics of human affairs" and are victimized by a fetishism for mathematical models.[30] For his part, Donald McCloskey has remarked on how economists "are unthinkingly committed to the notion that only the externally observable behavior of economic actors is admissable evidence in arguments concerning economics."[31] Perhaps an apt label for the "scientistic prejudice" as it affects economics would be "economism."

Economism, we could say, is that turn of mind which characterizes the thought of those who, like Popper, view economics as the queen of the social sciences—precisely because economics in their view approximates the "objectivity" and the mathematical exactitude of the "hard" sciences and deals with "falsifiable" hypotheses. As Lavoie observes, "A naive *falsificationism* prevails among empirical economists in which it is thought that the way to make economics scientific is to insist that all theories be made 'operational' by generating quantitative predictions which can then be subjected to statistical tests." There can be no doubt that "the Falsificationist's Anxiety," as Lavoie refers to it, has been an important factor in inhibiting economists from acknowledging the basically interpretive nature of their discipline that Hayek so much insisted on. The positivist-Popperian legacy continues to weigh heavily on economists.

Not only does contemporary hermeneutical (interpretation) theory insist (as did Hayek) that the interpretations which it is the business of the social scientist to produce are not to be viewed as "explanations" or "predictions" in the scientistic sense of the term,[32] it also maintains that these interpretations are not "falsifiable" or "testable" in any strict or narrow empirical-positivist sense of the term. Moreover, as Kuhn (and, to a lesser degree, Lakatos) has shown in his hermeneutical investigations into the actual practice of scientists, contrary to official scientistic dogma, no researcher is ever prepared to scrap an important theory, i.e., interpretation, no matter how many empirical or other "anomalies" may build up around it—unless, that is, he or she is aware of an alternate theory, a "better," a more promising, more persuasive or cogent (which is not to say "valid") interpretation that can take its place. As McCloskey bluntly states, "There is no 'falsification' going on."[33] In a remarkable recent book on economic methodology with the interesting title *Beyond Positivism*, Bruce Caldwell, referring to, among

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others, Knight, Mises, and Hayek, remarks that "none of them recommended that economists try to falsify their theories by subjecting them to empirical test." What they have in common, he says, "is that they failed to adhere to the language and intent of Popperian falsificationism." Why this should be counted as a "failure" is not made clear. In any event, Caldwell remarks that this "failure undoubtedly means that they are terribly out of step with current scientific thinking."[34] What as a matter of fact writers such as Knight and Hayek are "terribly out of step with" is the various forms of positivism (from logical positivism/empiricism to Popperianism) which came to dominate economic theory from the 1930s onwards; in a word, they are (or were)—much to their credit—"out of step" with modernist methodology. Hayek, it could be said, was a postpositivist *avant la lettre*.[35]

Economics has traditionally been referred to as the "dismal science." Setting aside the original rationale for this appellation, it could justly be said that the present state of economic theory is indeed dismal. To the degree that economism remains rampant in the profession, economics in what Polkinghorne calls "the 'postpositivism' period" is, far from being the most advanced of the social sciences, one of the most retarded. Close to half a century after the original publication of Hayek's "Scientism and the Study of Society," which was one of the first criticisms of objectivism in the social sciences in the English-speaking world, economists on the whole have yet to make the interpretive turn and renounce the Natural Science Ideal. The present situation is not utterly hopeless, however. Indeed, the disarray in which economic theory finds itself in the current post-Keynesian period may be just what it takes to make economists take heed of Feyerabend's advice to the scientific community at large[36] to abandon once and for all the quixotic search for (to use Caldwell's terms) "objective" canons of theory appraisal, i.e., "some universally applicable prescriptive procedures"[37] for adjudicating unambigiously between rival interpretations—such that they might thereby join with their colleagues in the other human disciplines (including literary criticism)[38] in making a decisive move beyond positivism.[39] Given the intrinsic nature of their professional endeavor—attempting to understand the unintended consequences of purposeful human agency, the ways in which Adam Smith's "invisible hand" actually works to produce its effects—there is no reason for thinking that they would not greatly benefit from the move. Lavoie pertinently remarks:

> Contemporary economics is an implicitly interpretive human science that has, unfortunately, undergone distortion by various explicit, non-

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> interpretive methodological doctrines. . . . There are palpable signs permeating contemporary economics of a much more interpretive past, signs which might point the way to a possible recovery of a relevant and meaningful study of economic problems. Modern economics is not so much a non-interpretive science as it is an interpretive one that has been striving to be otherwise in spite of itself. What economists have lacked is not so much interpretive skills themselves, although these have been atrophying, as a plausible justification of such skills.[40]

A "plausible justification" of the interpretive skills that all practicing economists need and which in fact they possess to some degree or other is precisely what a reflexive, overall theory of human understanding like hermeneutics can help provide. In attempting to work out a fully developed interpretive, humanistic approach to the social sciences in general and to economics in particular, we would do well to reread, with the benefit of the interpretive hindsight we now have, Hayek's important but all too neglected work in this area.

NOTES

1. Donald Polkinghorne, *Methodology for the Human Sciences: Systems of Inquiry* (Albany: State University of New York Press, 1983), 279.
2. See *ibid.*, 11.
3. *Ibid.*, 13.
4. *Ibid.*, 2. A good example of the postpositivist, postmodern approach in economics is Donald N. McCloskey's *The Rhetoric of Economics* (Madison: University of Wisconsin Press, 1985).
5. See Richard Rorty, *Philosophy and the Mirror of Nature* (Princeton: Princeton University Press, 1979).
6. Paul Rabinow and William M. Sullivan, *Interpretive Social Science: A Reader* (Berkeley: University of California Press, 1979). See their joint introductory essay, "The Interpretive Turn: Emergence of an Approach."
7. *Ibid.*, 1.
8. Lewis White Beck, "The 'Natural Science Ideal' in the Social Sciences," *Scientific Monthly* 68 (1949); reprinted in R. A. Manners and D. Kaplan, eds., *Theory in Anthropology: A Sourcebook* (Chicago: Aldine, 1971).
9. See the essay by Charles Taylor, "Interpretation and the Sciences of Man" in Rabinow and Sullivan.
10. Claude Lévi-Strauss, *Tristes Tropiques*, trans. J. Russell (New York: Criterion Books, 1961), 62.
11. Rabinow and Sullivan, 13.
12. F. A. Hayek, *The Counter-Revolution of Science: Studies on the Abuse of Reason*, 2nd ed. (Indianapolis: Liberty Press, 1979). The first edition of this book

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was published by The Free Press (Glencoe, Ill.) in 1952 ("Scientism and the Study of Society" first appeared in *Economica*, 1942–44). All references will be to the Liberty Press edition and will be given in the main body of the text. In this paper I shall not take into account Hayek's subsequent writings where, under the influence of Popper and his notions of falsifiability and hypothetical-deductionism, a weakening of Hayek's defense of the methodological differences between the human sciences and the natural sciences may be in evidence (see Hayek's *Studies in Philosophy, Politics and Economics* [Chicago: University of Chicago Press, 1967] and his Nobel Memorial Lecture, "The Pretence of Knowledge," in *New Studies in Philosophy, Politics, Economics and the History of Ideas* [Chicago: University of Chicago Press, 1978]). In spite of the tributes he was later to pay to Popper, Hayek cannot for all that be said to have ever subscribed to Popper's methodological monism as regards the natural and social sciences. See in this regard Robert Nadeau, *Hayek and the Methodological Peculiarities of Social Sciences* (Université du Québec à Montréal: Cahiers d'épistémologie, no. 8704) and *Popper, Hayek et la question du sceintisme* (Université du Québec à Montréal: Cahiers d'épistémologie, no. 8506).

John N. Gray, who maintains that Hayek adopted Popper's views on falsificationism and, accordingly, on the unity of method in the natural and social sciences, nevertheless admits that Hayek's endorsement of "testability" was far from being unqualified: "Even in these Popperian influences, it is to be noted, there are differences of emphasis from Popper himself" ("F. A. Hayek and the Rebirth of Classical Liberalism," *Literature of Liberty* 5, no. 4 [Winter 1982]:42–43).

13. George C. Roche, III, "The Relevance of Friedrich A. Hayek" in Fritz Machlup, ed., *Essays on Hayek* (London: Routledge and Kegan Paul, 1977), 1.
14. One of the crucial differences between Hayek and Popper becomes manifest here.
15. Claude Lévi-Strauss, *The Savage Mind* (Chicago: The University of Chicago Press, 1966), 246. *La pensée sauvage* (Paris: Plon, 1962), 326.
16. Clifford Geertz, *The Interpretation of Culture* (New York: Basic Books, 1973), 3. Compare with the following remarks of Alfred Schutz, a student of Husserlian phenomenology and an acquaintance of Ludwig von Mises:

> The thought objects constructed by the social scientist refer to and are founded upon the thought objects constructed by the common-sense thought of man living his everyday life among his fellow men. Thus, the constructs used by the social scientist are, so to speak, constructs of the second degree, namely constructs of the constructs made by the actors on the social scene, whose behavior the scientist observes and tries to explain in accordance with the procedural rules of his science. ("Common-Sense and Scientific Interpretation of

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Human Action" in M. Natanson, ed. *Collected Papers*, vol. 1 [The Hague: Martinus Nijhoff, 1973], 6.)

17. *Ibid.*, 5.
18. Hayek writes: "The reason for the difficulty which the natural scientist experiences in admitting the existence of such an order in social phenomena is that these orders cannot be stated in physical terms, that if we define the elements in physical terms no such order is visible, and that the units which show an orderly arrangement do not (or at least need not) have any physical properties in common (except that men react to them in the 'same' way—although the 'sameness' of different people's reaction will again, as a rule, not be definable in physical terms). It is an order in which things behave in the same way because they *mean* [emph. added] the same thing to man." (69-70)
19. Geertz, 5.
20. Hans-Georg Gadamer, *Truth and Method* (New York: Seabury Press, 1975), 33.
21. For a detailed study of human understanding (and misunderstanding) see my *Understanding, A Phenomenological-Pragmatic Analysis* (Westport, Conn.: Greenwood Press, 1982).

    At close to the same time that Hayek was composing his text, Frank H. Knight, the leading representative of the pre-Friedman "Chicago School" of economics and very possibly the most philosophically and methodologically astute of all American economists, published a review of T. W. Hutchison's *The Significance and Basic Postulates of Economic Theory* entitled "What Is 'Truth' in Economics" [Chicago: University of Chicago Press, 1956]). The tone of the review is clearly reflected in Knight's remark: "Hutchison's methodology or philosophy of economics is of a sort which is particularly irritating to this reviewer, especially because it is so common, among people who 'ought to know better.' The author is a positivist, i.e., one of those who always think of 'science' with a capital *S* (if they do not always write it that way) and use it in a context which conveys instructions pronounced in the awe-inspired tone chiefly familiar in public prayer" (151).

    In the course of his review Knight asserts that the "basic postulates" of economics, such as the rule of economizing or economic behavior, are known to us "intuitively," i.e., from the fact that we are ourselves economic agents and thus possess a pre-theoretical understanding of the objects of economic analysis. "We know them in the same way that one knows one is writing sentences and not simply making dark markings on a white surface, or is reading versus seeing such marks—by living in the world 'with' other intelligent beings; we neither know them *a priori* nor by one-sided deduction from data of sense observations" (164).

    Towards the end of his review Knight remarks: "Concrete and positive answers to questions in the field of economic science and policy depend in the first place on judgments of value and procedure, based on a broad,

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general education in the cultural sense, and on 'insight' into human nature and social values, rather than on the findings of any possible positive science. From this point of view the need is for an interpretative [sic] study (*verstehende Wissenschaft*) which, however, would need to go far beyond any possible boundaries of economics and should include the humanities as well as the entire field of the social disciplines" (177).

Elsewhere in this collection of essays (in an article originally published in 1947), Knight uses the term "scientism" and refers to Hayek's "The Counter-Revolution of Science" (227n2).

22. Rabinow and Sullivan, 5.
23. See in this regard my essay "Ricoeur and the Hermeneutics of the Subject" in Madison, *The Hermeneutics of Modernity: Figures and Themes* (Bloomington: Indiana University Press, 1988).
24. The misleading character of speaking in terms of "subjective" versus "objective" is even more pronounced when these terms are paired with "mental" versus "material," as in the following remark of Hayek's: "In the sense in which we here use the contrast between the subjectivist approach of the social sciences and the objectivist approach of the natural sciences it says little more than what is commonly expressed by saying that the former deal in the first instance with the phenomena of individual minds, or mental phenomena, and not directly with material phenomena" (47–48). Interestingly enough, a few lines further on when Hayek says that "subjective" and "objective" "inevitably carry with them some misleading connotations," he goes on to say: ". . . most of the other available terms, such as *mental* and *material* carry with them an even worse burden of metaphysical associations" (49). Hayek obviously realized that his choice of terminology was not the very best. What he did not realize is that, as various postmodern thinkers have recently been insisting, what above all needs to be called into question are the fundamental metaphysical oppositions which underlie modern objectivism and which give rise to the scientistic prejudice, oppositions such as: *episteme/doxa*, objective/subjective, reality/appearance, univocal/metaphorical, matter/mind, outside/inside, etc., etc.
25. The subjective theory of value, based on the principle of marginal utility, was elaborated in the early 1870s by Carl Menger (simultaneously with Walras and Jevons); it rejects the classical notion that the value of a thing is something "objective," an intrinsic property of the good itself (to be determined, for example, by the amount of labor required to produce the good), maintaining instead that value is the expression of preferences on the part of individual subjects, or the satisfaction they expect to derive from the incremental use of goods.
26. Robert Nadeau writes:

> Physicists and biologists do not have to take into account that they are themselves physical bodies or organisms in order to be able to grasp their own object of study. But social scientists can only concep-

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> tualize the institutions that they intend to explain insofar as they recognize themselves, be that implicitly or explicitly, consciously or unconsciously, as a typical part of a very similar system or process. For example, language can only be understood as a social phenomenon by persons who already have learned to speak a mother tongue. Language is an object for science only insofar as it is a meaningful phenomenon for those who seek to explain exactly what it is to speak a natural language. As it seems, any social reality can be accurately objectified only by those who are capable of grasping it meaningfully for themselves. In order to explain, for example, what is a rational economic behavior, one has first to understand, by way of reflection, what it means to be himself an economic agent. (*Hayek and the Methodological Peculiarities of Social Sciences*, Cahiers d'épistemologie [Université du Québec à Montréal, 1987], no. 8704: 4–5)

As Nadeau's remarks suggest, one can very well be a biologist while all the while forgetting that one is oneself an embodied subject, but this "dying away from the self" (as Kierkegaard would say) is precisely what is not permitted to the human scientist.

27. Hayek remarks: "Closely connected with the tendency to treat the objects of human activity in terms of their 'real' attributes instead of as what they appear to the acting people is the propensity to conceive of the student of society as endowed with a kind of supermind, with some sort of absolute knowledge, which makes it unnecessary for him to start from what is known by the people whose actions he studies" (90). To have to pay attention to the self-interpretations of the people he studies is admittedly a time-consuming imposition on the objective social scientist, a nuisance that his colleagues in the "hard" sciences are mercifully spared.

28. Don Boudreaux, "Schumpeter and Kirzner on Competition and Equilibrium," *Market Process* 6, no. 2 (Fall 1988): 18. Compare this with the remarks of the hermeneuticist Charles Taylor:

> Where there are patterns in [human] action which are not on purpose, we have to explain why action done under one description on purpose also bears this other, undesigned description. We have to show how the two descriptions relate. A strategic pattern cannot just be left hanging, unrelated to our conscious ends and projects. . . . It is certainly not the case that all patterns *issue* from conscious action, but all patterns have to be made *intelligible* in relation to conscious action. ("Foucault on Freedom and Truth" in *Philosophy and the Human Sciences* [Cambridge: Cambridge University Press, 1985], 171)

29. See n12 above.

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30. Don Lavoie, "The Present Status of Interpretation in Economics," paper presented to the annual meeting of the Canadian Society for Hermeneutics and Postmodern Thought, University of Manitoba, Winnipeg, May 1986. Subsequent quotations from Lavoie are drawn from this paper.
31. McCloskey, *The Rhetoric of Economics*, 181. This is of course an instance of the "physicalism" so much criticized by Hayek.
32. Even as scientistic an economist (at least in the eyes of Frank Knight) as Hutchison lends support to Hayek's "antiphysicalist" position when he says:

> Since very few or no fully adequate scientific laws, in the physico-chemical or natural scientific sense, have been established in economics, on which economists can base predictions, what are used, *and have to be used*, for predictive purposes are *trends, tendencies, or patterns*, expressed in empirical or historical generalizations of less than universal validity, restricted by local and temporal limits. (*Knowledge and Ignorance in Economics* [Chicago: University of Chicago Press, 1977], 19–20.)

For remarks by Hayek on prediction in economics, see his Nobel Memorial Lecture, "The Pretence of Knowledge," in *New Studies*, esp. 32ff.

33. McCloskey, *The Rhetoric of Economics*, 14. "This is why simulation—trying out scientific arguments on paper to see if they are powerful enough—is important in economics and similar fields. Simulation is affirmative, not falsifying, asking whether one can make a case for such-and-such, not whether one can prove it wrong. It tests systems, not isolated hypotheses, and affirms a framework in which to test them. It tests the reasonableness of affirmation, not the possibility of doubt. In economics, for example, econometrics amounts to simulation. The doubting and falsifying method, enshrined in the official version of econometric method, is largely impractical. . . . Falsification, near enough, has been falsified" (14–15).
34. Bruce Caldwell, *Beyond Positivism: Economic Methodology in the Twentieth Century* (London: George Allen and Unwin, 1984), 106. In spite of his talk about Hayek's "failure" to adhere to falsificationism, Caldwell, like McCloskey, albeit for his own reasons, rejects falsification as an appropriate methodology for economics. Referring to a staunch advocate of falsification, Mark Blaug (*The Methodology of Economics* [Cambridge: Cambridge University Press, 1980]), Caldwell says that he agrees with Blaug that there are no economists who "*actually* practice it [falsificationism], that most aim at confirming theories, and that disconfirmations are seldom treated seriously. I *disagree* [he goes on to say] that economists can, if they just change their practice, become falsificationists someday: their subject matter prohibits it" (138n60). And further: "[T]he methodological approach which dominates the rhetoric of economic methodologists (falsificationism) cannot be applied successfully in economics" (231).

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One of the interesting things about Hayek's interpretive approach to economic theory is that it furnishes grounds for arguing against the appropriateness of falsificationism to economics *as a matter of principle* (for the reasons why Caldwell believes that falsificationism is inappropriate in economics, see *Beyond Positivism*, 235–42).

35. It should perhaps be noted that in his very accomplished survey of the history of the philosophy of science, Caldwell uses the term "postpositivist" rather idiosyncratically in a way which includes Popper under this heading. Those postpositivist and postmodern writers who have taken "the interpretive turn" and have rejected falsificationism (which they view as one of the last remnants of positivistic prescriptivism—as with other forms of rationalist thinking the demise of positivism occurs as the "death of a thousand qualifications"—)would obviously find this usage of the term not terribly apt. The looseness with which Caldwell uses the term "postpositivist" is, interestingly enough, reflected in the ambivalent stand he takes in regard to falsificationism itself. While, on the one hand, he maintains that there are "serious obstacles to its implementation, given that the subject matter is a social science like economics" and even says that "it is a dangerous dogma, and one that is antithetical to scientific criticism in general, to dismiss as unscientific alternative routes to knowledge in the social sciences which do not conform to the ideals of methodological falsificationism," he nevertheless, on the other hand, speaks of it as "an inspiring and noble critical ideal" (". . . the invocation to *try* to implement methodological falsificationism should be retained") (*Beyond Positivism*, 128).
36. See Paul Feyerabend, *Against Method: Outline of an Anarchistic Theory of Knowledge* (London: Verso, 1978).
37. See *Beyond Positivism*, 220–21.
38. For an enlightening comparison between the actual argumentative practices of economists and those of literary theorists see McCloskey, *The Rhetoric of Economics*.
39. They could begin by ceasing altogether to pay lip service to the dogma of falsificationism which, as Caldwell recognizes, practically no one of them respects in practice in any event.

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Simon Green

ANTHONY GIDDENS'S PROJECT FOR A NEW SOCIOLOGY: A CRITIQUE

Anthony Giddens is, arguably, the most intellectually wide-ranging interpreter of modern social theory currently working in Britain. He is, quite unarguably, the most prolific. Over the past twenty years or so, he has written more than a dozen major works of criticism, interpretation, and theory in his chosen discipline. Since the publication of *Capitalism and Modern Social Theory*, his standing as a commentator on the theoretical foundations of sociology has been secure.[1] At the same time, he has sketched the outline of a major new social theory of his own—the theory of structuration—first advanced in *Central Problems in Social Theory* and described more fully in his massive study, *The Constitution of Society*. As part of that wider project, he has also launched a highly significant, if as yet incomplete, *Contemporary Critique of Historical Materialism*. Two volumes of this work have appeared to date.[2] Several more are planned. Some tentative conclusions of that vast undertaking are now offered, in advance, in his latest book, *Social Theory and Modern Sociology* (*STMS*). Though in no sense an introductory work, it serves as an excellent introduction to the breadth, complexity and vigor of Anthony Giddens's

The author, a fellow of All Souls College, Oxford, has published several papers on the concepts of equality of opportunity and equality of resources. He is currently preparing (with Dr. A. D. Wooldridge) a study of the history and theory of equality of educational opportunity in England c. 1880–1980. He wishes to thank the editor of *Critical Review* for his very helpful remarks about an earlier version of this paper.

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social thought. All (or almost all) of the major conceptual and empirical problems which have concerned him over the past twenty years find some voice in the pages of this collection. As such, it also provides a basis upon which to judge, however prematurely, the full significance and lasting importance of his project.

Of one thing there can be no doubt. Anthony Giddens is a social theorist in the grand manner. But he neither works in, nor endorses, any of the major sociological traditions, whether Marxist, Weberian or Durkheimian. He seeks nothing short of a major recasting of social theory. Rejecting the cultural reductionism entailed both in historical materialism and in structural-functionalism, he has also kept intellectual distance from all those forms of hermeneutical sociology which appear to border upon, or which appear susceptible to, phenomenological descriptions of social meaning and voluntarist conceptions of social action. He has attempted to transcend the traditional dichotomy in all sociological thinking between the structure of the object ("society") and the agency of the subject ("the individual"). His new "covering theory" of social action, "structuration theory," will, he hopes, if developed beyond the outline sketched in *The Constitution of Society*, eventually establish a theoretical synthesis capable of doing justice not merely to the structural properties of social systems, but also the possibilities of free, purposive individual agency within those systems.

The thrust of Giddens's social thought defies easy categorization. Moreover, the sheer range of his intellectual ambition should deter a prospective critic from simple pigeon-holing—still more from an ignorant dismissal—of his sociological project. But for the purposes of a critical appraisal of the ideas raised and problems encountered in any serious confrontation with his thought, it is perhaps best to distinguish its contents into four relatively distinct concerns: the theoretical assault on the possibility of a "naturalistic" social science; the idea of "structure" and the philosophy of "agency" in social theory; industrial society, the nation-state, and the interpretation of modernity in sociological thought; and finally, the tension between the competing claims of sociological description and socialist political doctrine in Giddens's own social thinking. It must not be presumed that Giddens himself would recognize the validity of such a brusque compartmentalization of his *oeuvre*; still less can it be assumed that he would acknowledge any dilemma between the proper business of a social scientist and ethical imperatives of a socialist, at least as that dilemma informs his own work. These distinctions are made here for the purpose of facilitating a critical analysis of that work. The reader can judge their merits.

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The Assault on "Naturalistic" Social Science

The oldest humanist criticism of the projected science of society contended that since there was not one such science in existence, but rather there were —or there appeared to be—many of them, locked into antagonistic competition, none of them could be true. And, indeed, there never has been one science of society. To this day, there is no mainstream sociology to compare with, still less to compete with, neo-classical economics. The sophistication of survey methods and statistical techniques employed in certain *areas* of sociology (e.g. social stratification and social mobility) cannot conceal the lamentable fact that a theoretical consensus for the discipline as a whole remains as elusive as ever; indeed, possibly more so. Epistemological and methodological angst continue to plague a new science which has, in a very short period of time, acquired some of the characteristics of a well-worn preoccupation.

Yet behind the crisis of diversity in modern sociology lies a profound irony. For classical sociology, notwithstanding the obvious divergences which marked the works of the founding fathers, rested upon a coherent and uniting intellectual framework. It was, and remains, a neo-Kantian discipline.[3] The transcendental structure of the project of scientific sociology can easily be overlooked, but the very idea of a scientific sociology is only possible as a form of neo-Kantanism; that is, it necessarily presupposes the existence of its object ("society"), and then seeks to discover the conditions of its possibility. Those "conditions" are the laws which govern the actions of its subject ("the individual" or the "moral agent").[4] The neo-Kantian paradigm defined both the strengths and the weaknesses of the new science. Its strength lay in the ability of sociology to delineate an entirely novel object of study—society—which enabled the sociologist to apply methods of description and modes of analysis to his subject quite distinct from those of more traditional philosophical concerns about the nature and proper activities of man. That so many non-sociologists, indeed even anti-sociologists, are so willing to use not merely the word, but also the *concept* of society, i.e., of a moral entity more than the sum of the actions of its individual human parts, and to use it so uncritically and unproblematically, is indication enough of the triumph of this idea.[5] The weakness of sociology rested, and rests, in the apparently tautological, even circular nature of most of its more ambitious explanatory models, such as, for instance, Max Weber's hypothesis of a rational ethic to account for a "rational" capitalist social system. The root of that weakness lay in the poverty of the theory of human action supposed in the classical tradition.

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It is the weakness of that theory which forms the crux of Anthony Giddens's critique of "naturalistic" social science. Functionalist sociology in the 1950s and 1960s, particularly as represented in the theoretical writings of Talcott Parsons and Robert Merton, projected a unified conceptual language for the whole of the social sciences. To this end, it employed the model of classical mechanics. That analogy rendered a coherent understanding of individual agency impossible because its a priori commitment to systematic laws of social integration, and its conceptual reification of the object of inquiry—society—together reduced the subject-matter of sociology to a pseudo-science of social-systems analysis. Eventually even sociologists tired of social-systems analysis, and the theoretical and professional consensus, which had been "functionalism," collapsed in the 1960s.[6] Whatever the specific theoretical reasons for its professional demise, Giddens argues that the project was fundamentally flawed in two crucial respects. First, the "naturalistic" fallacy of a unified social science, which it implied, neglected what he calls the "double hermeneutic" of sociology. In his own words:

> The notion that there is a straightforward road to 'theory-building' in sociology, which will take us towards the theoretical consensus found . . . within the natural sciences, is . . . misconceived [because] . . . sociology does not, and cannot, consist of a body of theory . . . insulated from its 'subject-matter'—the social conduct of human agents. There is only a 'single hermeneutic' in natural science. Scientists construct theories about a 'given' world . . . [but] . . . the social sciences operate within a double hermeneutic, involving two-way ties with the actions and institutions of those they study. Sociological observers depend upon lay concepts to generate accurate descriptions of social processes; and agents regularly appropriate theories and concepts of social science within their behaviour, thus potentially changing its character. . . . [Moreover,] the social world is an internally contested one, in which divisions between actors and groups of actors—in relation to divergent world views or clashes of interests—is pervasive. The ties which connect the social sciences constitutively to the social world inevitably mean that those divisions tend to shape strongly the theoretical perspectives sociological observers assume. (*STMS*, 30–31)

Second, by interpreting the concept of society not as an internally divided social formation, but as a functionally integrated system, the orthodox consensus ensured an almost exclusive preoccupation with endogenous models of social change, that is, with accounts of social change which presupposed that society, perceived in the abstract, and societies, also perceived abstractly, obey a logic which determines certain

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strictly defined dynamics in virtue of the structural properties which they embody. But, as Giddens points out, all types of social system have always existed in a context of inter-social systems which have influenced their nature and development quite fundamentally. Indeed, despite the fact that when sociologists speak of "societies" they are almost invariably referring, in a modern context, to what goes on inside nation-states, the nation-state remains essentially untheorized in sociological discourse (*STMS*, 33).

These theoretical inadequacies are, in Giddens's view, interrelated. The "naturalistic" fallacy is a product of a functionalist interpretative perspective and a positivistic scientific method. In turn, those theoretical failures have imposed upon the subject-matter a profound theoretical limitation: an inability to consider the reified concept of "society" in terms of the concrete realities of nation-state societies.[7] Giddens's remedy for these theoretical inadequacies in his chosen discipline is far-reaching: a new interpretative theory, "structuration theory," which abandons the functionalist model and the positivist method; and a new theory of social development, nation-state theory, which transcends the limitations of the endogenous archetype, and permits social theory to problematize social conflict and social change; a theory which, so Giddens believes, will enable non-Marxist sociologists, *inter alia*, to take the transformation from capitalism to socialism seriously. It is, by any stretch of the imagination, an ambitious project. Is it coherent?

Structure and Agency in Social Theory

The Achilles heel of social theory is the problem of action. Debate about the nature of human action within social theory has, traditionally, divided theorists into two, opposing groups: objectivists and subjectivists. For the former, the social object ("society") has logical and causal priority over the individual agent. Their opponents argue that the human agent is, or should be, the prime focus of social analysis. This debate may also be interpreted as a simple argument between those who acknowledge the sociological project (whether as naturalists, functionalists, positivists or whatever), and those who, as methodological or ethical individualists, reject it. Objectivists argue that "society" has structural properties extending beyond the activities of its individual members, properties that those individuals are either ignorant of, or are controlled by, or both. Subjectivists contend that this observation constitutes no more than truism, or is, in fact, false. Human beings, they suggest, are

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capable of understanding the conditions of their own actions, and of acting freely, intentionally and purposively on the basis of a knowledge of what they are doing and why they are doing it.

This debate is ancient. Though it is often couched in methodological terms it is, in reality, rooted in a more profound philosophical dispute, ultimately reducible to a simple confrontation between those social scientists who seek to prove—by definition, categorization and research—that man is a social being governed by social laws, and those who contend that, whatever the context in which he or she is found, the human agent is also a moral person, and therefore an ontological and ethical individual. Giddens believes this dispute is misconceived. It can be resolved, he suggests, only by proper reformulation. To achieve that reformulation he compares the dilemma of social theory with the properties of conceptual linguistics. There he finds the analogy he needs to make the advance he seeks, and, in so doing, he "resolves" the dilemma of structure and agency through the theory of structuration, or so he thinks.

Structuration theory contends that the apparent opposition of social structure and individual agency implied in objectivist and subjectivist thought actually disguises their truer complementarity. "This dualism should actually be represented as a duality, the duality of structure," Giddens argues, insisting that any theory of agency must treat agents as purposive, rational beings, but must not commit what he perceives as the individualistic fallacy of treating agency as the aggregation of individual intention; that is, as voluntarist. It must conceive of the agent "in the unfolding of the motions which constitute day-to-day life . . . an unfolding which is a duration . . . a continuity which persists throughout the . . . life of the individual" (*STMS* 60). To what end?

Interpreting agency within the context of this concept of duration enables the social theorist, so Giddens believes, to link an apparently subjectivist notion of agency to seemingly more objectivist ideas, such as structure and institution, and in turn, to permit the same theorist to reconsider the very concept of structure. Social theory, Giddens argues, should abandon the anatomical metaphor for structure, conceived as the pattern of relationships observable in a specific context and situated in time and space, in order to utilize the linguistic concept of structure as the relations of "absence" and "presence" embedded in the instantiation of speech. Structure, in this understanding, presumes the idea of an absent totality. Hence, to understand a sentence uttered by a speaker implies knowledge of a considerable range of syntactical and semantic rules and usages which are not, in fact, contained within the speech act

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but are, nevertheless, necessary either to understand or to reproduce it. The concept of structure as an absent totality is to be preferred to the notion of structure as a set of relations of "presences" because, according to the anatomical metaphor, structure may only be interpreted as a constraint which is "external" to individual action, which therefore appears to be limited by constraints which have little or nothing to do with it. The idea of the duality of structure implied in the concept of an absent totality enables the social theorist to describe structure in a sense which is not external to human action, and which is not identified solely with constraint. Structure is conceived both as the medium and the outcome of human activities. As Giddens puts it, "institutions, or large-scale societies, have structural properties in virtue of the continuity of the actions of their component members. But those members of society are only able to carry out their day-to-day activities in virtue of their capability of instantiating those structural properties" (*STMS* 61).

Giddens believes that the linguistic analogy for structure and the purposive-instantiating concept of agency together add up to a social theory, structuration theory, which is both *descriptive* of social processes and (potentially at least) an *explanation* of the relationship between structure and agency in social life. In this respect he credits sociology with a capacity to engage in something more than ethnography. It can, he believes, give discursive form to aspects of mutual knowledge which agents employ non-discursively in their conduct, and it may even explain the unintended consequences of purposive action. But, as he concedes, "it is one thing to argue that some of the main parameters of social activity are unintended by those who participate in that activity; it is quite another to presume that, consequently, individual agents are acted upon by 'social causes' which somehow determine what they can do" (*STMS*, 68). He argues that structuration theory can, though its understanding of the duality of structure, render those rules of social life explicit which social life obeys only implicitly, and can explain why those rules determine specific consequences which are unintended by purposive agents, even if we allow (as we must) that "lay agents . . . always 'know what they are doing' in the course of their daily activities," a knowledge which is "not just incidental but is constitutively involved in that doing" (*STMS*, 66).

What are we to make of all this? I suggest not very much. Giddens's argument makes two major analytical claims: first, that in social science the concept of structure describes the absent totality of action in any given action undertaken by the agent in much the same way as in linguistics it describes the rules of a language; second, that a social

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theory of human action describes social structure in and through the sum of purposive individual actions instantiated according to the rules of that structure. Both claims are either false or wholly inadequate, whether construed as theoretical constructions or as empirical descriptions of what social life is like. Most importantly, they resolve none of the philosophical problems of agency that sociology must address if it is to be taken seriously by non-sociologists, particularly if it is to convince philosophical skeptics that it is something more than a linguistic mechanism for converting real dilemmas into false solutions.

The concept of structure as absent totality is dominant in the discipline of linguistics largely because of an a priori assumption, shared by most of its practitioners, that languages are systems which obey rules, and that language is reducible to a linguistic system, however elusive the empirical search for that specific system has, to date, proved. It cannot be applied to the idea of a society because social institutions do not obey rules in the same sense. There is no grammar of society because there is no way in which the meanings of the parts of society either determine a meaning for the whole or are determined by it. Hence we cannot speak of a syntax of society, and if we cannot speak of a syntax, we cannot speak about syntactical rules and semantic interpretation for society. And if we cannot do that, then we cannot speak about an "absent totality." Ironically, one of the few experiments in sociological theory to do precisely that—to interpret social institutions in terms of the meaning of the whole, and their relation to that whole—was functionalism. Conceiving of society as an organic system which expressed specific and classifiable human needs, it interpreted individual social institutions in terms of those needs. But it is—both theoretically and empirically—an irredeemably flawed analogy for society.[8] And no one has been more dismissive of its pretensions than Giddens himself.

But if society cannot have a syntax, it can have a structure; and if that structure cannot be an "absent totality," it can be a framework of "social" limitations placed upon individual action. It can be, in that sense, external to the actions of any given individual, and it can be a constraint upon the ability of those same individuals to achieve their desired goals by individual, purposive actions. For instance, the theory of economic organization, or the theory of the economics of information, or even the theory of "rational expectations" make perfect sense of the idea of external constraints and non-personal limitations to individual actions. In general, such theories claim no universal legitimacy or applicability for their analyses. They are content to define exactly *what* the barriers are to individual action in any given circumstance. But their

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theoretical standing, and their empirical plausibility, are unquestionable. For there is nothing nonsensical, and certainly nothing contrary to our experience, in the idea that social structure is a pattern of relationships which restricts or limits our individual actions by external means, even if we are aware of that fact, and especially if we are not.

On the contrary. When F. A. Hayek identified "the best definition of the task of all social theory" as the pursuit of a sufficient understanding of that social order which arose from "the results of human action but not of human design," he allowed for, indeed he rejoiced in, the possibility of a social system which arose through human evolution, through the actions of purposive human beings alone (i.e. without the intervention of the Deity, etc.), but which corresponded neither to the design of any one of those beings, nor to the aggregate of the intentions or purposes of all, however defined.[9] By insisting upon an understanding of human beings as being not simply purposive agents but also "rule-following" creatures, Hayek was able to exploit the linguistic analogy for social order not only more precisely, but also more realistically than Giddens in order to describe and comprehend those aspects of human culture (such as language, but also economies, moralities and law) which were not, and are not, in any theoretically or empirically plausible sense, the products of human design or individual discovery (still less "invention") but which have evolved *with* human reason to create the "spontaneous" social order of free societies.[10]

Whatever its limitations, actual or potential, as a description of what any given social order is in fact like, the theory of spontaneous order not only allows for the possibility of "social structure," conceived as a system of external restraints to individual human action, but also furnishes a concrete description of what that structure consists in: rules. It is made up, so the argument goes, of rules of behavior, whether legal rules, moral rules, or rules of thumb which restrain and guide the behavior of individuals in pursuit of their several ambitions, desires and aspirations. More, it enables the social theorist (as well as the active agent) to conceive of social structure not merely in terms of external constraint, but also in terms of internal capability; that is, in terms of rules for, as well as rules against. In that way, it captures, much more subtly than in Giddens's analogy of the absent totality, the reality of social structure as instituted through individual agency and as determining of it.

With one proviso. The "rules" of social structure in spontaneous social order are not the sum of human invention. They are, as Hayek insists, a composite of "rules . . . observed in fact but . . . never stated in

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words," of "rules that . . . though . . . stated in words, still merely express approximately what has long before been generally observed in action," and of "rules that have been deliberately introduced and therefore necessarily exist in words set out in sentences."[11] They are the results of human action, but not of human design, because they are the products of historical evolution, just like human language: rational but not constructed, rule-following but not invented, purposive but not teleological. They are comprehended by social theory diachronically and not synchronically, as aspects of the history of human society which comprehends, indeed which presumes the free will of purposive *and* rule-following agents, but which does not presume that the sum of their intentional actions is synonymous with the order of society that—spontaneously—ensues.

The Nation-State, Violence and Modernity

As Giddens is keenly aware, and as many have understood before him, the study of sociology is inextricably bound up with a particular conception of "modernity," that particular phase in the development of human society which is, according to the profound deliberations of those we invariably call sociologists, a form quite unlike any previous instance, and one which represents (at least to non-Marxist sociologists), if not the end-state of human development, then at least the principle of its organic maturity. Hence Giddens:

> Sociology is bound up with the 'project of modernity'. This has supplied, and will continue to supply, the core of its substantive preoccupations. (*STMS*, 26).

The "project of modernity" in the thought of Emile Durkheim was the moral order of industrial society; for Max Weber, it was the rational ethic of bureaucracy; for Karl Marx, the laws of motion of the capitalist mode of production. Yet, however great the differences of their respective interpretations of it, their thought converged around one central concern: the unique "event" of the industrial revolution in the West. The rise of a new mode of production through the substitution of machines for human skills and effort, of inanimate for animate sources of power, and the use of new and more abundant raw materials, coupled with a more efficient and disciplined utilization of labor, galvanized the economies of Western Europe in the second half of the nineteenth century.[13] So transformed, they were able to sustain substantial and pro-

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gressive increases in real income per head over many decades, a capacity far beyond the competence, or even the purpose, of the pre-industrial economy.[14] At the same time, a revolution in the organization of persons, specifically in the structure of occupations and in the mobility of individuals within and between occupations, established the basis of a social order—industrial society—which was qualitatively different from the *ancien régime*. In the new social system, continuous change—and the expectation of that change—was inherent, and the passing of the generations represented not simply the passing of time but the process of historical transformation.[15]

Giddens is struck by the intellectual significance of this event, as any good sociologist should be. And, in this respect, he is properly deferential to the insights of the founding fathers of his discipline. Only when he chides them for neglecting non-economic influences upon modern social development does he protest too much. To charge classical sociology for its supposed neglect of the growth of the state, bureaucracy, and administrative power in modern society is scarcely fair, or even plausible. If "modern states and the modern world system as a whole" really do "involve a tremendous acceleration in the production and organisation of information" (*STMS*, 27), then it is simply not accurate to attribute the discovery of this fact to Michel Foucault, and quite illegitimate to minimize the extent to which that development was anticipated in the writings of Weber and Durkheim. Similarly, the "cultural dimension" of modernity, as refracted through the writings of the pioneers, is unjustly caricatured by Giddens. The culture of modernity may, or may not, have been interpreted too easily as a reflection of capitalism and industrialism in twentieth-century sociological thought; but if so, that is no fault of the nineteenth-century masters. Weber allowed for the possibility of cultural autonomy in the modern order; "charismatic" authority was possible, in this scheme of things, even in the modern world. Durkheim derived the concept of "anomie" more from his insights into cultural responses to *social mobility* than from the iron laws of industrial capitalism. The obsession with the "disenchantment of the world" and the destruction of "permanent things" so prominent in all late nineteenth-century social thought was the product of its intellectual encounter with the legacy of Nietzsche, not a reflection of its unhealthy obsession (if such it was) with the de-humanizing effects of the factory system.

Nevertheless, Giddens has a serious point to make. Subscribing to the view that the industrial evolution established a genuine world economy, transforming that geographical expression into an operational reality,[16]

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he insists, nevertheless, that both Marxist and liberal social theorists have fundamentally misunderstood the nature and progress of world history which emanates from that fact. In his own words,

> Whatever their differences . . . those schools of thought [i.e. Marxist and liberal] conceived of industrialism as essentially a *pacific* force, and [one] which transcends international boundaries." (*STMS*, 168; emph. in original)

That conception, he argues, is wrong—twice over. The rise of Western capitalism, he contends, was intimately linked with the emergence of the modern *nation*-state, which transcended the *ancien régime* absolutist state. Moreover, the requisite internal pacification of mutually antagonistic political entities was inherently bound up with "the consolidation of the means of violence in the hands of the state" (*STMS*, 169). Hence our late twentieth-century crisis: a world order of industrial capitalism divided into a global nation-state system armed to do battle against itself and against all who would stand in its way.

This all sounds a little apocalyptic. Indeed, Giddens is not immune to the fashionable cliché that the "world totters on the edge of nuclear disaster, veering out of control" (*STMS*, 166). If so, forty years of tottering have not proved so unbearable. It is also a little perverse to assert that the world is both a global capitalist system and a mutually antagonistic global nation-state system. It cannot merely be naive to observe that one of the reasons why the world is divided into blocs of antagonistic nation-states is precisely because it is *not* a global capitalist system. The political differences between the West and the Communist bloc are scarcely reducible to the mere fact that they happen to be constituted of different nation-states.

But Giddens's historical argument, and his attempt to link the rise of industrial capitalism in the West with the emergence of a particular kind of "violent" (i.e., militaristic) nation-state, is worthy of serious consideration. His assertion that "the system of European absolutism of the fifteenth and sixteenth centuries is of crucial importance to the form in which Western capitalism emerged and spread across the world" (*STMS*, 169) is arresting, because its implications, if true or even plausible, are counter-intuitive. Historical orthodoxy holds that any relationship between the development of the nation-state and the rise of capitalism in the West was purely contingent and accidental.[17] Liberal political and economic theory assumes that long-term economic expansion can only have been the result of a liberation of commodity markets and

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individual initiative from the structures of centralized control. Yet Giddens insists that "there is . . . an intimate association between modern capitalism and the nation-state" (*STMS*, 171). Why?

To justify his claim, Giddens pursues a tentative historical argument. He points out that the rise of absolutist monarchies in Europe between about 1500 and 1700 had a profound effect on the *political* map of that continent in the next two centuries. First, it reduced the number of autonomous administrative and political units. Then, in the nineteenth century, those states changed their political form throughout Europe. The absolutist state, falteringly or imperfectly, became something like the sovereign, popular nation-state. In so doing it bequeathed the reins of political, social and economic power to the bourgeoisie. It did so not through a serious of dramatic political revolutions—1789, 1848, 1871—but rather through a "silent revolution" which allied the economic predominance of industrial capitalism and the social hegemony of the bourgeoisie with a transformed political system—the nation-state—because by 1900, in order for those nation-states to be able to survive or expand within the state system, "to develop a capitalist-industrial infrastructure became a *sine qua non*" (*STMS*, 171; emph. in original).

How did the modern state achieve this economic and social miracle? That blessing, at least according to Giddens, was wrought through the very intimacy of the relationship between the evolving state, as an administrative apparatus, and industrial capitalism, as a social system.

> An historical conjunction of decisive significance was the centralisation of power in the hands of absolutist monarchs in a context of class alliances with rising bourgeois elements. . . . The monopolisation of the means of violence in the hands of the state went along with the extension of control of violent sanctions from the class relations involved in emergent capitalism. . . . The sphere of 'private' producers in regard to both capital and labour, which excluded the forcible plunder of labour products or resources, became institutionally distinguished from 'public' authority bolstered by monopoly of the means of violence. . . . The spread of the capitalist labour contract was associated with state monopoly of violence . . . [through the practice of] . . . surveillance in the workplace and a massive expansion of the surveillance activities of the state in the eighteenth and nineteenth centuries, closely connected in turn with the internal pacification of emergent nation-states. (*STMS*, 173-74).

So the state did a deal with the bourgeoisie. It gained a monopoly of the means of violence; hence it fought its wars more efficiently. In exchange, the bourgeoisie gained a monopoly of the means to "enforce" the free

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labor contract. The first ensured the success of the second. Both monopolies were enjoyed to a degree, and with an impact—political, social and economic—hitherto unprecedented. Hence the modern, violent, industrial-capitalist state system.

It is an ingenious synthesis, but it is not persuasive. Where it is true it expresses little more than truisms. Where it is false, it is fatally flawed. The absolutist state made no "alliances" with the bourgeoisie. Its essential purpose was to fight wars. Its profound limitation was the absence of an effective system of direct taxation to finance those wars. Its dynamics were determined by that purpose and that limitation. The feudal system had demanded military service from the privileged classes. The absolutist monarchs sought a more efficient supply of military resources, both of men and of money. To do so they could not ally *against* their upper classes, because those social classes were the greatest single source of their men and money. Their deals were made with their ruling classes—the aristocracy—not with the bourgeoisie. They could hardly have done otherwise, committed as they were to hereditary right, social privilege and fiscal inequality. In the East, the state "liberated" itself from its traditional (aristocratic) ruling class only by permitting it greater (not less) authority in the countryside over an enserfed peasantry, and commiting itself thereby to a politically imposed brake upon social and economic dynamics which would, in the early twentieth century, destroy it. In the West, the state attracted the privileged and the wealthy to its service by placement in the administrative offices of the regime, thereby committing itself to an ever-expanding extension of governmental personnel (but not of bureaucratic competence) which it could not restrict, because too many of its most privileged subjects had a vested interest in its unreformed condition. Among those subjects were the bourgeoisie. To the end of the eighteenth century and beyond, there were no "rising bourgeois elements" because as soon as bourgeois individuals made money, they transformed it into the land and office which alone bought prestige, preferment and (therefore) more wealth. Bourgeois children became aristocrats. And so on.[18]

Industrial capitalism and the factory system of production, the free market of goods and services, equality under the law and the inviolability of individual contracts arose in spite of, and in opposition to, this political system. Industrial capitalism flourished first and best in traditionally wealthy commercial societies—England, Scotland, Belgium, the U.S., the Ruhr—where the influence of the state was relatively weak, where regulation was inept, and where the centralized monopoly of the means of violence was relatively insecure. It languished in traditionally

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poor and authoritarian societies—Prussia, Russia, and much of France—where the state was stronger, and the centralized monopoly of violence more secure.

By directing his attention to the supposed economic necessities of statecraft at the turn of the twentieth century, Gidden has inverted the chronological pattern of social and economic change in Western Europe between 1700 and 1900, and thereby failed to comprehend its significance. It was because the economies of the non-absolutist states had developed so remarkably during the previous century that, in order to compete as military and imperial rivals of those developed states, the political bureaucracies of the absolutist monarchies in the underdeveloped states of Eastern Europe (especially in Imperial Russia) attempted to create, by administrative fiat, industrial economies of their own. And it was in that attempt that they destroyed themselves.[19]

There is no need to be romantic about this. Industrial modernization, in itself, did not necessarily entail even a modicum of political modernization, whether in the organization, competence, or even the ethos of the state. Northern Ireland in the second half of the eighteenth century, or South Africa in the first half of the twentieth, show that even the most rapid forms of economic transformation could be sustained in a context of brutal political tribalism. Conversely, if modern industrial organization entailed modern labor discipline, then the necessary "social surveillance" associated with that discipline in fact required no more than the active collusion of some of those who labored in it. Perhaps the most keenly disciplined of all the nineteenth-century factory industries—textile manufacture—was largely organized into family units, in which father controlled mother and children.[20] As any good Marxist knows, the wage relationship "surveilled" working-class labor in the nineteenth and twentieth centuries; little else was required.

Nor is the modern state anything but incidentally a product of the centralized monopoly of violence. It is not a logical extension of military ambition or capability. On the contrary: the *ancien régime* state fought and financed wars and did very little else other than sustain, through law and privilege, the social system that enabled it to wage war. The modern state is characterized not by the concentration of its resources upon external violence and internal pacification, nor indeed by the concentration of its resources on any *one* concern at all, but rather by the extension of its administrative competence and bureaucratic ambition into *all* areas of social life. It is precisely the *universality* of its competence which so arouses the ire of the modern neo-liberal. If it only fought wars, if it were essentially a military machine, they would fear it less keenly and

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oppose the incursion of its ambitions less vigorously. They might even begin to like it.[21]

The modern "universal state" is much better defined as the expression of political collectivism. Its emergence throughout the industralized countries since the First World War represents the triumph of the professional ideal against the business ethic in those societies. The "welfare state" is, above all else, a professional state, advised by experts, guided by an administrative elite, and maintained by a trained body of bureaucratic officials. It does not merely compensate vulnerable individuals for some of the actual or potential economic pitfalls of unrestrained free-market capitalism (e.g., the provision of health insurance and free public education for the poorer sections of the population). It also actively manages many of the economic organizations of mature industrial systems (e.g., through the public ownership or control of certain vital industries, such as banking, utilities, communication, transportation in all ostensibly capitalist countries). Whether the intervention of a peculiarly empowered bureaucratic machinery into the workings of the trade cycle is a good or bad thing cannot be considered here. That it is what the modern state does can scarcely be doubted. War and violence (however conceived) constitute a remarkably small proportion of Gross Domestic Product and Public Sector Expenditure in all of the major industrial capitalist societies.[22]

The modern state system may be anarchic, though certainly not more so than in the past. It may be violent, but the frequency (if not the effect) of its violence is probably no greater than in the past. It may be the political expression of nation-states, and therefore of nationalism, but this is to say no more than that world is constituted of large numbers of ethnic, linguistic and religious groups, many of which (regardless of other doctrinal affiliations they may possess) seem to harbor something less than good will towards each other, and *some* of which seek to express their malevolence through the creation or sustenance of mutually antagonistic nation-states. We know that some nations, constituted in themselves of quite distinct ethnic, linguistic and religious groups, cooperate easily with others; and that other nations, with so much apparent affinity, barely exchange a good word. No worthwhile theory can be derived from this mundane, if lamentable, fact. Nationalism arises in cities and the countryside; in advanced and poor societies; amongst the wealthy and the poor, the hopeful and the downtrodden. It represents no sociological telos, and it expresses no particular development of the state. It says nothing about industrial capitalism. What Giddens presents as a coherent interpretation of the political vicissitudes of modernity turns

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out, on closer inspection, to have little or nothing to do with what is "modern" in the world, or where it is going. It is no great conceptual advance to rework that tired old cliché of the supposed evil of the military-industrial complex into plausible sociological language, and then to claim for it a lever upon our understanding of the modern world that might yet preserve us from Armageddon.

Socialism and Sociology

The "project of modernity" stands in an ambiguous relationship with the dream of socialism. According to its detractors, the fact of socialism is an unwelcome appendage to the modern world. Where it is alive in the modern Communist bloc, it is most unattractive to behold. According to these skeptics, the myth of socialism is at odds with the logic of modernity. The dilemma of reconciling the freedom of each individual to realize his or her life plans with the imperative to allocate scarce resources efficiently, demands choice and measurement: markets and selection. And neither are compatible with atavistic communitarian ideals of equality or fraternity.[23] But, according to believers, socialism is realizable in the modern world, which is abundant enough to enable the realization of human freedom in collective ownership of the means of production, distribution and exchange for the common good.

Anthony Giddens is a socialist. He is also a social theorist. He conceives of no incompatability between his twin vocations, nor should he: there is a coherent and plausible socialist sociology which deserves a hearing. It is often refreshingly candid in its manner, repudiating all sociological analysis which does not, as an integral part of that analysis, also seek to establish first principles for the transformation of mundane, and unjust, social realities. However, Giddens's writings often straddle the dichotomy between diagnosis and doctrine much less easily. To read them is to be hustled through a magisterial interpretation of the modern world, and to be afforded at least a glimpse of a sociological understanding of its forms and dynamics. But it is worth noting what is not there; how much of the modern world, in fact, is absent, or left unexplained. There is a detailed analysis of social power, but nothing about the moral basis of authority; a great deal about class, but silence on status; much concern for economic oppression, yet little interest in social mobility; careful consideration of the generation of social conflict, but scarcely a word about the possibilities of consensus; and finally, painstaking con-

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siderations about the road to revolution, but mere contempt for the ways of stability.

Such fundamental sociological concepts as agency, power, class, oppression, and revolution are sometimes understood as "essentially contested" concepts, in a candid acknowledgment that *any* definition of them will entail logically prior assumptions about philosophical anthropology and political theory which will be, on closer inspection, debatable according to individual preference and prejudice.[24] Giddens's frequent deployment of those essentially contested concepts is problematic because they are so unquestioningly integrated within a theoretical project which is, at one and the same time, synthetic and critical, but which acknowledges no tension between those two intellectual pursuits. He has constructed an outline of social theory which is self-consciously comprehensive, which furnishes covering laws for social action, production and reproduction, conceived generally. Yet his social theory also expresses a critical project which seeks to expose the "pathologies of modernity" (250–51). Giddens assumes that these twin ambitions can be realized through "a new theoretical synthesis" that "will soon emerge," giving "a renewed coherence to sociological debates" (29–32). They cannot. They are mutually exclusive.

Giddens only flirts with the idea of the "pathology of modernity." The idea entails, or seems to entail, certain definitions of rationality and oppression most commonly associated with the Frankfurt school of social-psychological Marxism in general, and the writings of Jürgen Habermas in particular, with which Giddens is not wholly comfortable. But in endorsing the "violent nation-state scenario" he comes very close to endorsing the organizing principle of their apocalyptic vision: that the expansion of reason and knowledge since the Enlightenment has been synonymous with an extension of the efficient mechanisms of (illegitimate) power and appropriation in those societies, both of the powerful against the weak in Western societies, and by powerful societies over weak societies within the global-capitalist system. If this really is his view of the essential development of the world since the late eighteenth century, he is, of course, entitled to it. But it cannot be integrated into a descriptive social theory without a profound distortion of social realities, and a misleading delineation of the constitution of societies. Because Giddens's pursuit of critical incisiveness in his social theory is not matched by a regard for descriptive comprehension in his sociological analysis, the philosophical and political bases of his work are not made explicit. Still less is their problematical character properly acknowledged. Social theory is presented by Giddens as a body of concepts

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moving steadily towards a critical consensus by virtue of analytical precision and empirical corroboration. This is not how things work. The chasms between theorists are as great as ever, the dichotomy between theory and research similarly so. The division between Giddens the theoretical typologist and Giddens the philosophical radical is the most striking of all to any sensitive reader of his work. Yet the author seems unaware of the gap.

NOTES

1. Anthony Giddens, *Capitalism and Modern Social Theory: An Analysis of the Writings of Marx, Durkheim and Max Weber* (Cambridge: Cambridge University Press, 1971).
2. Giddens, *A Contemporary Critique of Historical Materialism* (London: Macmillan, 1984) and *A Contemporary Critique of Historical Materialsm*, vol. 2: *The Nation-State and Violence* (Cambridge: Polity Press, 1985).
3. I owe this point to Gillian Rose, *Hegel Contra Society* (London: Athlone Press, 1981), esp. ch. 1.
4. *Ibid.*, 1–2.
5. For striking criticism of the intellectual laziness implied in this almost universal concession to the sociological project, see F. A. Hayek, *The Fatal Conceit: The Errors of Socialism*, ed. W. W. Bartley, III (Chicago: University of Chicago Press, 1988), 112–17.
6. It had always been contested, and by no one more vigorously than F. A. Hayek. See especially *The Counter-Revolution of Science: Studies on the Abuse of Reason*, 2nd ed. (Indianapolis: Liberty Press, 1979), chs. 1–5 and 8. There is no evidence in Giddens's writings that he has either absorbed or even acknowledged the force of Hayek's critique of sociological "scientism."
7. The relationship between these criticisms of structural-functionalist sociology, as described in Giddens, and Hayek's critique of "Scientism and the Study of Society" (see *The Counter-Revolution of Science*, 17–182), will be obvious to many readers. It is not, apparently, obvious to Giddens.
8. For a recent devastating critique of functionalism as a social theory, see C. R. Hallpike, *The Principles of Social Evolution* (Oxford: Oxford University Press, 1987). For further comment see David Ramsey Steele, "How We Got Here," *Critical Review* 2, no. 1, esp. 112–15.
9. Hayek, "Dr. Bernard Mandeville" in Hayek, *New Studies in Philosophy, Politics, Economics and the History of Ideas* (London: Routledge, 1978), 264.
10. Hayek, "The Errors of Constructivism" in *New Studies*, 4.
11. *Ibid.*, 8–9.
12. See for instance Amartya Sen, *The Standard of Living* (Cambridge: Cambridge University Press, 1987).

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13. This definition of the industrial revolution is drawn from David S. Landes, *The Unbound Prometheus: Technological Change and Industrial Development in Western Europe from 1750 to the Present* (Cambridge: Cambridge University Press, 1969), 41.
14. For the importance of the rise in income per head in Western "revolutionary" industrial experience, see E. A. Wrigley, *People, Cities and Wealth* (Oxford: Basil Blackwell, 1987), esp. ch. 1.
15. On the concept of change as immanent in industrial society, see Raymond Aron, *Dix-Huit Leçons sûr la Société Industrielle* (Paris: Gallimard, 1962), esp. ch. 5.
16. I owe this phrase to E. J. Hobsbawm, *The Age of Capital* (London: Weidenfeld and Nicolson, 1975), 47.
17. See, for instance, Charles Tilly, "Reflections on the History of European State-Making" in Tilly, ed., *The Formation of National States in Europe* (Princeton: Princeton University Press, 1975).
18. The best single analysis of the *social* bias of absolutism in the *ancien régime* remains, in some ways, Alexis de Tocqueville, *L'Ancien Régime et la Révolution*, ed. J. P. Mayer (Paris: Gallimard, 1967). For a modern introduction to the subject based upon the latest research, see William Doyle, *The Ancien Régime* (London: Macmillan, 1987).
19. See Richard Pipes, *Russia Under the Old Regime* (London: Weidenfeld and Nicolson), esp. chs. 8 and 11.
20. An exceptionally important study of the mechanisms, both formal and informal, for labor control and discipline in the textile industry in Britain in the nineteenth century can be found in Patrick Joyce, *Work, Society and Politics: The Culture of the Factory in Later Victorian England* (Brighton: Harvester Press, 1980), esp. ch. 5.
21. See esp. John Gray, "Mill's and Other Liberalisms," *Critical Review* 2, nos. 2 & 3: 6–35. Cf. the ideas of contemporary Polish liberals as described by Andrzej Walicki, "Liberalism in Poland," *Critical Review* 2, no. 1 (Fall 1988):8–38.
22. For example, the fraction of expenditure on military purposes as a proportion of GNP in the U.S. has declined markedly since the Second World War. Between 1948 and 1973 the figure was nearly 9%. Since 1973 it has sunk below 6%. For remarks on the significance of this, see Owen Harries, "The Rise of American Decline," *Commentary* 85, no. 5 (May 1988):33.
23. See especially Peter L. Berger, "The Socialist Myth" in Berger, *Facing Up to Modernity: Excursions in Society, Politics and Religion* (New York: Basic Books, 1977) and F. A. Hayek, "Science and Socialism" in Hayek, *Knowledge, Evolution and Society* (London: Adam Smith Institute, 1983).
24. The idea of "essentially contested" concepts of social theory was first popularized in Steven Lukes, *Power: A Radical View* (London: Macmillan, 1974).

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Gus diZerega

DEMOCRACY AS A SPONTANEOUS ORDER

Liberal democracy, science, and the market constitute Western modernity's finest flowers. Each has transformed the world, and together they created a decisive break with all preceding societies. Today even cultures with no understanding of the principles underlying these institutions rhetorically appropriate their names. Governments almost everywhere claim to be democratic, or at best provide long-winded excuses as to why they are not (yet). Countries worldwide attempt to incorporate science into their cultures. With the failure of socialism now admitted by all but the most devout believers, the market (or at least market rhetoric) is triumphant intellectually and politically.

At first glance democracy, science, and the market appear quite disparate. A closer look reveals an underlying similarity. Democracy, science, and the market are characterized by remarkably similar underlying values and ordering principles. All are rooted in the principle of voluntary consent. The rules generating these institutions are the outgrowth of seeking *different kinds of consent*. The market is rooted in consent concerning the terms of contractual exchange. Science is rooted in consent as to the character of scientific reality and the means for understanding it. (See Ziman 1968, 1978; Toulmin 1972). And democracy, as we shall see, is based upon consent over community values and practices.

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The rules of conduct which generate these institutions are rules of spontaneous orders, not instrumental organizations. Instrumental organization is nothing new in human history. Neither is the spontaneous order of society as a whole, although the discovery that this was so had to await the work of the Scottish Enlightenment. Science, the market, and liberal democracy constitute three conceptually distinct spontaneous orders, or self-organizing systems, which arose within the larger spontaneous order of society as a whole. They mutually influence one another yet are distinct enough to be able to be considered separately. Indeed, they usually are. Their growth to social dominance is simultaneous with the rise of Western liberalism. What is perhaps most unique about the West compared to other civilizations is the power and independence allowed the different spontaneous orders within society as a whole.

Only a few scientists have clearly perceived this. F. A. Hayek is perhaps the most noted of them; more than any other contemporary scholar, he has deepened our understanding of the role spontaneous orders play in social life. Any future work along these lines will owe a great debt to Professor Hayek's contributions.

Having said this, I must acknowledge that Hayek himself has not included political democracy as an example of spontaneous order. Many readers will be inclined to agree with him, granting that science and the market are spontaneous orders, but drawing the line at democracy. The modern democratic state is at least as rooted in coercion as consent; possibly more so. Most legislation relies upon coercion to get people to do or pay for what they otherwise would not. Much contemporary legislation deliberately benefits some elements of the community at the expense of others. Frequently the democratic state interferes with the spontaneous order of the market.

How, then, is it possible to say that consent is the fundamental principle underlying democracy except in the trivial sense in which it underlies most governments? And how can a plethora of special interest legislation be considered part of a spontaneous order? This paper addresses these questions.

While historically classical liberals have been democracy's most effective proponents, the relationship between liberalism and political democracy has been strained. Many classical liberals are ready to give democracy two cheers, but withhold the third. For example, Professor Hayek has consistently praised democracy as the best form of government, yet nonetheless has warned that neither liberalism nor democracy "necessarily excludes the opposite of the other: a democracy may wield totalitarian powers, and it is conceivable that authoritarian government

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may act on liberal principles." The reason, he writes, is that liberalism "is concerned mainly with limiting the coercive powers of all government . . . whereas the dogmatic democrat knows only one limit to government—current majority opinion" (1960, 103).

Nevertheless, the relationship of democracy to liberalism is a good deal more intimate than many classical liberals admit. Hayek's conception of a spontaneous order is crucial in understanding this relationship. In the process of comprehending how democracy is a spontaneous order, we shall also grasp in what ways egalitarian and majoritarian political models are theoretically inadequate and even misleading tools for helping us understand both democracy's strengths and weaknesses.

Instrumental and Self-Organizing Orders

The most important preliminary distinction one can make when analyzing social institutions is to distinguish organizations from spontaneous orders or, to put the same point in different words, instrumental organizations from self-organizing systems (Hayek 1979). While other social scientists have been aware of this distinction's importance, Hayek more than any other has argued that it is the linchpin for understanding social institutions.

An instrumental organization is established to do some particular thing. Instrumental organizations seek to order their human and nonhuman components so as more easily to attain some specific end. This end is concrete, supplying a clear criterion for judging the organization's success or failure. For example, political parties exist to win elections or influence public policy, profit-oriented joint stock corporations exist to make money, labor unions seek to further their members' interests, research teams pursue particular problems or hypotheses, and so on. Organizations vary in their capacity to organize their resources effectively and to manipulate their environment. Those which are most efficient will be the most successful. Efficiency in the economizing sense of employing minimum means to attain maximum ends is a value intrinsic to instrumental organizations.

Of course the people within an instrumental organization may have joined for reasons having nothing to do with its goals. Although this complicates my point, it does not undermine it. An organization which consistently fails in its tasks, and is perceived to do so, will not long survive, since a minimal success on its part is necessary for it to be a means for its members to attain their own ends.

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Spontaneous orders, or self-organizing systems, do not exist to attain any particular end (Hayek 1973, 38). They do not order their components, human or otherwise, according to any predetermined concrete plan or goal. Nevertheless, they are orderly, not in the sense of efficiently utilizing resources to attain a particular goal, but rather in providing a framework which potentially maximizes the likelihood that participants will attain their own chosen ends, so long as those ends are congruent with the abstract procedural rules which generate the system itself (Hayek 1976, 144).

Such an order is abstract in the sense that the rules participants follow while pursuing their purposes refer only to a limited number of relevant conditions. These rules are not concerned with the particular circumstances in which they may be employed in any given instance. Such rules therefore simplify the framework within which people may act (Hayek 1973, 86). We can see this clearly when considering the rules of scientific procedure and the laws of property, tort, and contract which generate the market order.

While those acting within the framework of a self-organizing system will act purposively, it does not follow that the system itself will do so. Of course, we can say a spontaneous order exists to serve some extremely general purpose. The market, for example, exists to facilitate exchanges among people, the better to supply their economic needs. But this purpose tells us nothing about the particular elements within a market order, or how needs will be met within its confines. Hayek observes that "only when it is clearly recognized that the order of actions is a factual state of affairs distinct from the rules which contribute to its formation can it be understood that such *an abstract order can be the aim of the rules of conduct*" (1973, 113–14).

What characterizes all spontaneous orders in social life is their *polycentricity*, wherein participants pursue their own purposes and interact through a system of mutual adjustments rather than by being coordinated in terms of a specifiable goal (Polanyi 1951, 184). Having many independent centers for decision-making requires that some impersonal means exist for coordinating activities if people are not to get in one another's way more often than they assist in one another's purposes. The market, and self-organizing systems generally, coordinate information, enabling the harmonization (as much as possible) of people's independent pursuit of varied and unpredictable goals. This coordination process may be impeded or assisted by changes in the procedural rules generating the order, but those participating within it cannot be regarded as resources to be used efficiently if the order is truly spontane-

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ous. Efficient economizing is an inappropriate standard by which to evaluate a spontaneous order since such an order does not pursue any specifiable set of concrete goals.

It follows that the character of rules regulating action within instrumental organizations differs from that of rules regulating action within self-organizing systems. Because an instrumental organization pursues a goal, its rules for participants will reflect and be subordinate to that end. Such rules need not be commands, but all will be oriented towards assisting that organization in attaining its goals (a classic study of bureaucratic organization which beautifully illustrates this point is Kaufman 1960, 91–200). Such rules will generally assign different responsibilities to different people. By so doing, organizational rules create status differences between different participants within the enterprise. Status differences are a direct outgrowth of organizational rules, for people are resources vis-à-vis instrumental organizations, and to be used effectively resources must be differentiated.

By contrast, *rules generating a spontaneous order are intrinsically equalitarian* in that all people who participate within the order are formally equal in relationship to those rules. However, formal equality of this sort in no way implies substantive equality; in fact it implies the opposite (diZerega 1987). The street vendor and the tycoon are equally subject to the rules of the market. The new Ph.D. and the Nobel laureate are equally subject to the discipline of the scientific community. In both cases differences in their *formal* status are considered, rightly, as imperfections and shortcomings in the rules.

The rules generating a self-organizing system do not themselves need to arise out of a self-organizing process, although they can. Such rules can be deliberately adopted or changed. In this sense, no self-organizing social institution need be completely self-organizing. Science may be the most completely spontaneous in this sense, democracy and the market less so. While we can construct rules to generate or facilitate the emergence of a market order, they give us no control over its specific character.

The abstract character of rules governing self-organizing systems leads to another basic difference between such systems and instrumental organizations: the complexity of relationships that can be coordinated within a self-organizing framework is essentially unlimited. By contrast, an instrumental organization depends upon its leaders' capacity to subordinate enough of its members' secondary purposes to common goals that the organization's strength in resources is not outweighed by the difficulty of their successful coordination. An organization's dependence

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upon conscious direction limits the complexity of tasks with which it can successfully cope.

While a self-organizing system can successfully coordinate a far greater amount of information and knowledge among people than could ever be deliberately organized, it necessarily gives up control over specific details. Each person acting within the framework of abstract rules which help to constitute such an order does so entirely by his or her own lights. And since each acts with no certain knowledge of how others will act, the specific details of their various interactions are in principle uncontrollable. Again in Hayek's words: "The market order in particular will regularly secure only a certain probability that the expected relations will prevail, but it is, nevertheless, the only way in which so many activities depending on dispersed knowledge can be effectively integrated into a single order" (1973, 42). His point applies not only to markets, but to all self-organizing systems.

Not just any set of abstract rules is capable of generating a self-organizing order. For example, if we were to replace the law of contract with a law maximizing uncertainty for every person seeking to make an exchange, the result would not be an order. It would be chaos. The abstract rules must serve to coordinate *cooperation and agreement* between unknown parties pursuing unknown purposes in order for a spontaneous order to arise. This is why the value of consent is *intrinsic* to all social spontaneous orders. Indeed, Jürgen Habermas has argued convincingly that the value of voluntary consent is fundamental to the very existence of language, perhaps the most fundamental of spontaneous orders (Habermas 1979).

Similarly, although a spontaneous order serves no *single* end, *spontaneous orders are not neutral with respect to the values they promote.* Different self-organizing systems are biased in favor of actualizing different values. It is in terms of these values that the rules can be modified and improved. However, we cannot determine the specific manifestations of these values. I shall return to this matter below.

Rules able to generate a self-organizing order must coordinate all the particular instances in which they are applied so that each person can develop a set of reasonable expectations which assist him or her in planning for the future. Change is perpetual in such an order, and in its specifics cannot be foreseen. But the general characteristics of such change must be relatively predictable or there will be nothing enabling participants to form reasonable expectations.

Hayek thus observes that a market order will be a "multi-purpose instrument which at no particular moment may be the one best adapted

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to the particular circumstances, but which will be the best for the greater variety of circumstances likely to occur" (1976, 115). It is therefore misleading to evaluate a market order at a particular point in time by the organizational criterion of whether the same distribution of resources could have been more efficiently achieved if it had been deliberately organized. As another Austrian-school economist, Israel Kirzner, has pointed out, "our focus of interest is never the optimality of an existing pattern of decisions; it is always the desirability of the direction in which this pattern of decisions is changing" (Kirzner 1973, 232–33). Hayek's and Kirzner's points apply equally well to other self-organizing systems.

Democracy as a Self-Organizing Order

Political democracies are minimally constituted by certain abstract procedural criteria. In a pure democracy all adult citizens possess equal votes in choosing representatives or policies. They also enjoy freedom of speech, the press, and assembly in order to discuss, advocate, and choose public policies. These criteria are silent on how each citizen will employ his or her political rights. As with the rules governing market transactions, the rules governing political democracy are purely procedural and abstract. The criteria for democratic citizenship and participation are divorced completely from citizens' substantive views and values. They do not favor particular people or purposes other than by maintaining the political framework itself (Polanyi 1951, 196; Polsby 1980, 209). Contemporary liberal democracies closely approximate these criteria. Other states do not.

A democracy is not established to pursue any particular purpose at all. (When it arises in a largely unplanned fashion, as in the case of England, this is obvious.) Democracy allows an indefinite and unpredictable number of positions to compete for public support. In this respect, political democracies are very different from democratic *organizations*.

A democratic organization, such as a producers' cooperative or a political party, exists to achieve a specific end. To be sure, very often the practice of democratic procedures is a part of that purpose. Nevertheless, a specific task also exists along with maintaining democratic procedures. In the case of producers' cooperatives, this end is successful marketing. In the case of democratic political parties, it is winning elections or influencing public polity.

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A tension usually exists between maintaining viable democratic procedures within the organization and efficiently attaining its concrete goals (Mansbridge 1983). This tension is generally resolved by democratic procedures being subordinated to the leadership's ideas of how best to attain those goals. Under such circumstances the goals of the leadership and those of the organization become increasingly indistinguishable, leading to a self-perpetuating elite dominating most democratic organizations.

The reason is fairly straightforward. Very often democratic procedures are not efficient. In particular, they are not efficient when people have different ideas about what should be done. But when most people agree about what is to be done in the sense of attaining a concrete goal, they tend to acquiesce in the leadership's judgment, so long as it appears successful in attaining that goal. Combined with the elites' greater access to organizational resources, this results in Michels's "iron law" of oligarchy (Michels 1962). Democratic organizations' inherent tendency towards oligarchy is, however, offset by the limiting cases discussed by Seymour Martin Lipset (1956). (The contemporary German Green party is an interesting example of the difficulties encountered when an organization seeks to preserve a vital internal democratic life and still be efficient [Spretnak and Capra 1986].)

Democracies are different from democratic organizations. Typically there is a low level of agreement as to what public policy in a democracy should be, compared with that existing within democratic organizations. Only during wartime, and not always then, is there anything approaching a general political consensus. Democracies do possess elites—many of them (Sartori 1987, 147–48, 151). These elites compete for public influence. A democratic organization would be crippled by the variety of competing interests and factions typical of democracies. This is why democratic procedures are often curtailed during wartime: they interfere with organizational goals. It is not accidental that this curtailment occurs when widespread consensus exists as to the nation's goals.

An organization can be effectively democratic to the extent a consensus exists as to the specific ends it intends to pursue. But ironically, under such circumstances it usually makes little use of democratic procedures. On the other hand, because it normally does not exist to pursue any particular end, a democracy makes continual and effective use of its democratic procedures. That is why democratic procedures are most useful in challenging the existing state of affairs: in a democracy even a long-term consensus survives only while continually being vulnerable to challenges (and overcoming them).

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Attempts to combine democratic procedures with organizational goals are inherently unstable. They last only so long as the bulk of politically involved people are in agreement with the priorities established. The antebellum American South sought to provide fairly democratic procedures for one group while safeguarding the issue of slavery against political discussion. For example, South Carolina required that state representatives possess five hundred acres of land *and ten slaves* or possess land of sufficient value that it would require slave labor to be rendered profitable (Anonymous 1864, 21). Even so, before the Civil War the South had to constrict the civil liberties of its white population with regard to the slavery issue. More recently South Africa has steadily whittled away the white population's political liberty to debate the issue of apartheid. Israel will face a similar dilemma regarding the Palestinians in its midst as long as its organizational goal defines it as a Jewish democratic state.

The same contradiction characterizes the realm of egalitarian political theory. Robert Dahl, for example, writes that citizens act "undemocratically" when they reject his particular organizational criterion of "democracy": the steady enhancement of substantive equality in political resources (Dahl 1982, 119–20). For Professor Dahl this is a "dilemma" of democratic practice. In my view it is a sign of his inadequate theoretical model. There is no compelling reason why democratic procedures should result in Dahl's egalitarian end state. Indeed, there are compelling reasons why his ideal is fundamentally inappropriate for democratic governments. Perfect substantive equality would destroy a democracy's ability to be responsive to new citizen initiatives and interests (diZerega 1988). Dahl supports democratic procedures but still believes they can only *properly* be used to further a particular end. He does not appreciate that a community can be self-governing only if its specific activities are in principle unpredictable.

Democracies are distinct from undemocratic governments precisely because dictatorships, oligarchies and the like are organized to serve specifiable private interests within society. Opposing interests are excluded. A totalitarian state is in this sense the direct antithesis of democracy, for in the former all social and political elements are organized to serve a specific plan, and any dissent is prohibited. The notion of "totalitarian democracy" is misleading since a single plebiscite does not a democracy make. It consists rather of democratic procedures exercised over time. It is an ongoing process. The political liberties which facilitate that process are as fundamental to democracy as is voting among competing candidates or issues. *Political totalitarianism is as opposed*

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to democracy as its economic equivalent, the planned economy, is to the market, and for the same reasons. Both substitute the conscious plans of a few for the freely arrived-at and independent initiatives of many individuals acting in accordance with their own wishes. Totalitarianism, far from being qualitatively different from authoritarianism, is simply its most extreme and throughgoing form. Authoritarianism organizes government to serve its leaders' aims. Totalitarianism organizes all social institutions to serve the leaders' aims.

Hayek's most critical comments upon democracy are concerned with those who simplemindedly equate it with unrestricted majority rule. But the ideal of simple majority rule is a misleading myth. Liberal democratic political processes are far more intricate and complicated than the majority-rule standard suggests. In reality democratic political power is exercised most directly by competing elites seeking majority support. Nor can it be otherwise. The day-to-day stuff of political decision-making is far too complex and time-consuming to be accessible to the average citizen, even if s/he had the time and inclination to pursue it energetically, which most do not (diZerega 1988).

Hayek himself comes close to the formulation I am suggesting when he notes that

> We may admit that democracy does not put power in the hands of the wisest and best informed and that at any given moment the decision of a government of the elite may be more beneficial to the whole; but this need not prevent us from still giving democracy the preference. It is in its dynamic, rather than in its static, aspects that the value of democracy proves itself. As is true of liberty, the benefits of democracy will show themselves only in the long run, while its more immediate achievements may well be inferior to those of other forms of government. (1960, 108–9)

Nevertheless, there is a deficiency in Hayek's comments. The "democracy" to which he refers is a *government* organized democratically. In this sense it is an organization, although a fairly loose and even "disorganized" one. However, democracy is more than this; it includes citizens and institutions which in no very meaningful sense constitute the government. Voters, especially those who support losing candidates and issues, and the news media are not part of the government, but are essential elements of a democracy.

As a spontaneous order, democracy refers to *the entire ensemble of citizens and their interactions when they observe the basic rules of democratic politics*: free elections, one-person-one vote, freedom of speech and of organization,

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and the like. Democratic government in its various forms arises out of these rules being observed. But so also do many other institutions and practices. Democracy encompasses all of society *insofar as it is a political community*. It is not coterminous with society, but it is equally the case that no part of a democratic society is in principle removed from being subject to political discussion and, possibly, action.

Constitutional Rules

The role of constitutional rules in a democratic order is worthy of extended analysis. Here I diverge from Hayek's treatment, which considers only the organizational aspects of constitutions (1973, 134–36). "Constitution" possesses more than one meaning. Aristotle refers to the constitution of a polity as its political way of life, the principles underlying its political structure as well as the structure itself (Aristotle, 118–20). In this sense all political societies have constitutions. From the perspective I am developing here, such constitutions can be either the rules of an instrumental organization or, in democracies, the rules of a spontaneous order along with subordinate organizational rules.

The Constitution of the United States does not constitute that country's entire constitution in the first sense. Important parts of the U.S. government cannot be understood from reading the Constitution, yet are clearly constitutional in even the narrowest sense of the term. For example, the Electoral College has never worked as intended: to give the House of Representatives a major say in selecting the President (Lowi 1985, 33–34). Other aspects of the American constitution in the Aristotelian sense include political parties and the media as transmission belts from elected officials to the citizenry and vice versa.

Insofar as the unwritten constitution is concerned with a citizen's relationship to any particular government, it is democratic to the extent that it is purely procedural and not organizational. It establishes abstract, self-organizing principles which citizens can use insofar as they desire to influence politics. However, parts of the unwritten constitution which deal with government, not citizens, can be organizational. The rules of cabinet formation in Great Britain are of this nature.

The written U.S. Constitution also possesses elements of both organizational and spontaneous ordering rules. But the organizational rules are clearly subordinate to the spontaneous ordering rules. The detailed relationships between the various branches of government established by the Constitution are intended to keep the governing organization sub-

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servient to the democracy's general self-organizing principles. The Bill of Rights expresses this aspect of the Constitution most clearly. The Bill of Rights does not organize the government; rather, it establishes the government's subservience to the democratic process, conceived as a system of abstract rules common to all citizens.

Additionally, in a break from earlier political thinking about constitutions which advocated representing the different "orders" of society, the American Constitution attempts to represent the fundamental aspects of the community as a whole (MacDonald 1967, 193; Wood 1972, 453). For example, considered as an ongoing entity the community possesses both short- and long-term interests. The House of Representatives, in which all members are subject to election every two years, was intended to represent the most short-term aspect of the community's interests. Thus, revenue bills originate there. The Senate, by contrast, was constituted so that at least two-thirds of its membership would always have been members for at least two years and one-third for at least four years. Thus, every Senator serves a minimum of six years. The Senate was charged with responsibility for those actions bearing most heavily on the country's long-term interests: treaties and appointments to the judiciary. It is here that experience and continuity were thought to count for more than immediate responsiveness.

Instrumental organizations are primarily oriented towards action. By contrast, the House and Senate are primarily oriented towards deliberation; they are ongoing forums in which present and proposed actions of government will be perpetually open to challenge and consideration. The executive branch was given the bulk of the organizational responsibility. As the Founders realized, what is a virtue in one branch is a vice in the other (Madison 1961, 426–27 [*Federalist* 70]). This is because a significant portion of Congressional responsibilities were not organizational. (This is partly why when Congress passes corrupt legislation to serve private interests, it often results in a hodge-podge of mutually contradictory rules. By itself, Congress cannot take an overall coherent view of public policy). Of course, some of what Congress does *is* explicitly organizational, such as passing the budget.

Except when there is a clear emergency, organizational principles are kept firmly subservient to those which generate a spontaneous order. During an emergency a widespread consensus will already exist as to the task to be done. In such case the principles of spontaneous order can be dispensed with temporarily, because for the duration of the emergency general agreement will exist as to the task to be accomplished.

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During a crisis, the accomplishment of a particular task commands overwhelming and passionate agreement. Thus, it is precisely the existence of widespread agreement, often taken to be a hallmark of democracy, which threatens to override democratic procedures. The reason is that in such instances external necessity compels actions fairly obvious to all. The freedom to decide what to do is replaced by the need to react to the threat. *Self-government is concerned with the realm of freedom, not with political necessity in this sense* (Arendt 1963).

Self-government is set aside when a polity becomes an instrumental organization. To that extent it ceases to be a democracy. Coercion is a normal and necessary element in polities attempting to ensure that all follow a single line. When democracies experience consensus-inducing crises, this coercion falls on relatively few people, but it does so with fearsome energy.

The general principles of democratic representation and the customary and spontaneously developed means by which citizens seek to influence their government constitute those aspects of democracy which make it a spontaneous order. This has been hidden from even so perceptive a commentator as Hayek because democracy has historically been integrated with a monopolistic and coercive organization that can be easily employed to exploit some citizens for the benefit of others. I will elaborate on this point below.

Democracy as a Coordination System

One of any spontaneous order's advantages is its capacity to coordinate far more information than can any consciously directed organization. This capacity stems from its ability to maximize the likelihood that people will be able to find useful information without having to deal with information that does not meet their needs (O'Driscoll 1977; Lachmann 1986). What is irrelevant to one person may be highly relevant to another. Thus, in a spontaneous order an information-filtering process must take place even though no one knows for certain what information will be relevant to any randomly selected participant. In the market economy, prices and advertising serve this filtering function.

A democratic filtering and coordinating process must provide means by which those who believe they can contribute to public debate have a reasonable opportunity to convince others of their views. In this respect the democratic spontaneous order shares more with the scientific than with the economic order. In science, as Stephen Toulmin notes, "the

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overall 'rationality' of the existing procedures or institutions depends on the scope that exists for criticizing and changing them from within the enterprise itself'' (1972, 168). This openness to public challenge is not characteristic of market orders, in part because the only agreement needed is on the terms of exchange between two people. Once those terms are agreed upon, they are not subject to challenge. (Advertising raises some additional issues I will address when discussing the differences between the consumer and the citizen).

A democratic process has two specific informational requirements. On the one hand, everyone should have a reasonable opportunity to expand their influence indefinitely so long as their arguments are found convincing. On the other hand, policies should only be adopted which have been previously subjected to widespread debate by relevant publics. At a minimum, then, a democratic information-filtering process must: (1) make generally available knowledge that alternative perspectives exist over an issue; (2) make easily available representative alternative perspectives to those wishing to investigate further; and (3) provide a means by which those arguing for alternative views can continue reaching others who are interested.

Within a democracy, as within any spontaneous order, the filtering process will not be completely the result of deliberately organized institutions and practices. While it is possible that some will be deliberately set up, as with parts of the written U.S. Constitution, consciously designed procedures will by no means encompass this process as a whole. Many other avenues will have grown up spontaneously in the course of political practice.

This coordination process will probably appear quite disorganized and chaotic to the eye of one who sees things solely in organizational terms. As with the newcomer looking at a natural ecosystem, the unpracticed and naive observer will see only disorder. In both cases the sense of disorder is a quality imposed by the observer. Tocqueville's observation of American local democracy illustrates this point in a political context:

> The want of . . . regulations is severely felt, and is frequently observed by Europeans. The appearance of disorder which prevails on the surface, leads him at first to imagine that society is in a state of anarchy; nor does he perceive his mistake until he has gone deeper into the subject. . . .
>
> It is undeniable, that the want of those uniform regulations which control the conduct of every inhabitant of France are not infrequently felt in the United States. . . . In America the power which conducts the Government is far less regular, less enlightened, and less learned, but an

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> hundredfold more authoritative than in Europe. In no country in the world do the citizens make such exertions for the common weal: and I am acquainted with no people which has established schools as numerous and as efficacious, places of public worship better suited to the wants of the inhabitants, or roads kept in better repair. (1961, 89–90, 92)

Tocqueville's observations suggest that there is indeed a coherent order within the seeming chaos of independent political activity, or at least that there was during the time when he wrote. We now turn to a brief examination of this coordination process as it exists today.

Intellectual Hierarchy or Spontaneous Order?

Like market orders, democracies make use of the price system and (political) advertising. But democratic coordination is much more complicated and uncertain than is that of the market. Most information for coordinating action in the market can be put in terms of money prices. In politics the equivalent is not true. As in the scientific community, political agreement must be more specific than simple concord over price. But unlike the scientific community, the political process operates within significant time constraints. In a political context doing nothing is itself a policy. Further, politics concerns itself with values even more fundamentally than it is concerned with technique.

Giovanni Satori has developed an excellent framework with which to make sense of the democratic coordination process. He begins by elaborating upon Karl Deutsch's "cascade model" for public opinion formation. In Professor Deutsch's model, "opinions flow downward in a multi-step fashion, as in a cascade broken by a series of pools" (Sartori 1987, 93). These "pools" consist, beginning at the top, of first the economic and social elites, second the political and governmental elites, next the mass media, then the opinion leaders and finally the mass public (Deutsch 1968, 101–110).

Professor Sartori emphasizes two aspects of this model not developed by Deutsch. In the process he transforms it from an organization into a spontaneous order, to the extent that coherence and not chaos is generated. First, he claims that "each pool adversarily reshuffles, independently from the other basins and in its own peculiar manner, the messages that enter it." Second, he holds that while it is "doubtful that trends of opinion are really conceived and originated by socio-economic and political elites, they are generally ignited by *idea groups*" (Sartori 1987, 99). Idea groups are found throughout society, although they are

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concentrated in institutions of higher education, think tanks, and the media (Derthick and Quirk 1985, 237–258; Polsby 1984; Page, Shapiro, and Dempsey 1987). Thus each "pool" of the cascade is capable of generating its own interpretations of politically relevant information, and of responding more or less independently from the others. Among the possibilities is a "bubbling up" of opinions, ideas, and political demands from the general public in opposition to most elites within society. The California tax revolt culminating in Proposition 13 and the recent popular revolt against the U.S. Congressional pay raise are examples of such "bubbling up."

In another revealing modification, Sartori notes that within contemporary democracies the cascade has become "increasingly flattened." Indeed, "frequently enough, the cascade actually begins with the media" along with the "bubbling up" of opinion from "below" (Sartori, 99). In addition, the top pools identified by Deutsch as the socio-economic and political elites and the media are continually in communication, thereby influencing one another.

We now have a strange sort of cascade. Its strangeness comes from using hierarchical and organizational models to try to describe a process which in vital respects is neither. What Sartori describes is a network. The democratic coordination task is performed within this network. No single node is adequate to coordinate politically relevant information so as to make it available to those who might find it important. The entire network is required for that.

A closer analysis will discover that even many of these nodes are themselves differentiated. For example, if we look at the influence of the media, analyses of "the press" are inadequate to appreciate how it coordinates information within a democratic system. A suggestive study analyzes press coverage during the New Hampshire Presidential primary. The national press covered the primary like a horse race, constantly reporting who was ahead in the opinion polls. Comparatively little attention was devoted to discussing the issues separating the candidates. The *local* press, however, devoted considerable space to issue coverage, even though it by no means neglected the horse-race aspect of the contest. Attentive local voters received different information from equally attentive audiences outside New Hampshire, with the information most relevant to voters going to those who did vote (Buell 1987). Moreover, among voters, those who were opinion leaders again filtered the information while influencing the public at large. (On opinion leaders see Huckfeldt and Sprague 1987, 1197–1216; Mills 1963, 577–98.)

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The democratic order is apparently responsive. Research indicates that "when Americans' policy preferences change by a substantial amount, without reversal, public policy (if it changes at all) overwhelmingly tends to move in the same direction." Indeed, when a stable opinion shift of 10 percent or more occurs, 87 percent of policy changes within the following year are in harmony with that shift (Page and Shapiro 1983, 180–81). Since in no direct way does the majority "rule," this responsiveness comes from the democratic polity's self-organizing capacity rather than from its organizational character.

Citizens and Knowledge

Much handwringing on the part of democrats and scorn on the part of antidemocrats has been lavished upon the average citizen. The average citizen is rather ignorant about politics. Captivated by the Greek ideal, democracy's advocates wonder how "healthy" a democracy can be with a large majority of ignorant citizens. The model of democracy as a spontaneous order casts this issue in a very different light.

One of a spontaneous order's most important features is its capacity to economize on the knowledge necessary for a participant to act effectively within it. The order's complexity demands it. Within the spontaneous-order model of democracy, it is not the average voter's general ignorance which is interesting. It is to be expected, just as is the ignorance of large segments of a given population regarding any other complicated matter. What is interesting is the coordination process which reduces the amount of information citizens *need* in order to participate at whatever level of involvement interests them.

The same situation exists in the market and within the scientific community. Consumers know next to nothing about the market as a whole. They do not even need to know there is such a thing. Producers need know little more than consumers. The average aborigine is far more economically self-sufficient than most members of modern society. Within the scientific community, similarly, most scientists know virtually nothing about fields outside their own narrow specialties, yet are still able to perform important research. And science hangs together without difficulty.

In politics the range of public issues, not to mention their complexity, is too great for *anyone* to cast deeply informed votes about them all. Not even full-time political representatives can do this. If we depended upon

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active, widely and deeply informed citizens to choose public policy, modern democracy would be impossible.

Those who fail to appreciate the democratic coordination process end up more often than not futilely exhorting citizens to become better informed, overlooking the fact that *no one* can be well enough informed to meet their ideal. Others focus upon misleading exposés of citizen ignorance. All too often they end up arguing that elections are largely symbolic, serving mostly to keep "the masses" happy while elites rule as they do in other political systems. I grant that elites are quite real. But it is a category mistake to confuse the elites within a self-organizing system and the elites in an instrumental organization. To the extent that an order is democratic, it makes no sense to ask "Who rules?" Indeed, equating elites with elite rulership in democracies is the same sort of error as seeing bigness in market firms as evidence of monopoly. It is interesting that those who rightly perceive this error when applied to the market so often make it themselves when examining democratic politics.

Political Entrepreneurship

Entrepreneurial action is the source of equilibrating and disequilibrating tendencies within the market (Hayek 1980, 4; Lachmann 1986, 124; High 1986, 113–19). The same is true of democracy. In both orders, entrepreneurial action is essential for the coordination process to take place. In both cases there are two types of entrepreneurship or, perhaps more accurately, two contrasting aspects of entrepreneurship which vary in any particular instance. At one end of this continuum is what might be called "Austrian" entrepreneurship; at the other end is "Schumpeterian" entrepreneurship (Fehl 1986, 72–86; the earliest discussion of this issue of which I am aware is diZerega 1980).

In most Austrian-school writing, entrepreneurship is seen as the driving force behind the coordination process of the market order. As a consequence, entrepreneurship is the source of what equilibrating tendencies there are in the market. Israel M. Kirzner is perhaps the most sophisticated proponent of this view (Kirzner 1973), which is distinct from Joseph Schumpeter's entrepreneurial theory. According to Schumpeter, entrepreneurial action is a disruptive force, shocking the market out of its equilibrium and thereby requiring that a new equilibrium be established. Thus the incessant activity of entrepreneurs, the

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driving force of progress, prevents the market from ever settling down into general equilibrium (Schumpeter 1950, 131; 1961, 64).

These two perspectives are less contradictory than they appear. In fact, both coordination and disruption may be found to some degree in any entrepreneurial market action. But the relative proportion of the two will vary. At the "Austrian" end of the continuum, entrepreneurial action will consist of noticing unmet opportunities for making exchanges without, however, requiring buyers to see the product in a new light. At the "Schumpeterian" end a completely new product is marketed, be it a paper clip or a computer. Schumpeterian entrepreneurs market new products. Austrian entrepreneurs notice this, and market the products elsewhere. Left alone, Schumpeterian entrepreneurs would gain entrepreneurial profits until their products were obsolete. Austrian entrepreneurs gradually whittle those profits away (Fehl 1986, 75–83).

Entrepreneurship is equally necessary for democratic politics (Dahl 1961, 227). The democratic equivalent of Austrian entrepreneurship is found among political leaders who engage in incremental bargaining. This type of entrepreneurship results in a process of continuous piecemeal political adjustments within political parties and coalitions, between parties, and between legislators (Lindblom 1965, 137–52). At the other end of the continuum is the democratic equivalent of Schumpeterian entrepreneurship. Here we find rare but important innovations leading to significant changes in the polity's character. The impact of the Progressive movement in implementing the initiative, referendum, and recall and later that of Roosevelt's New Deal are examples of this type of political entrepreneurship within the United States. In England the present Thatcher government may well signal a similar deep and long-term change in the character of British democracy, as Benjamin Disraeli's government did.

From one perspective, political entrepreneurship, like economic entrepreneurship, serves to increase the coordination of knowledge and interests within society. In this way it plays an equilibrating role. From another perspective, any successful entrepreneurial act will disrupt the status quo to some degree, sending ripples throughout the polity (or market order). It is this dual aspect of political entrepreneurship which leads some critics of liberal democracy to complain that even the most extraordinary changes in public policy are actually "conservative." Within any spontaneous order entrepreneurship is both conserving and upsetting. The specific circumstances of the present are upset to better preserve the order as a whole.

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Equilibrium and the Public Good

Within the Hayekian model of the market, equilibrium refers to the perfect coordination of individual plans (Hayek 1948). As such, while general equilibrium will never be attained, the role of equilibrating forces is all important for explaining what order there is in market phenomena.

In democratic theory the public good performs the explanatory and analytic role played by general equilibrium in the theory of the market order. Many political theorists from Aristotle to James Madison have described the public good as what would be the case if citizens were to come to a free and uncoerced agreement about public policy. The extensive attention Aristotle and Madison alike paid to constitutional procedures was due to their attempt to devise abstract rules and practices able to generate policies approximating that ideal. They hoped these procedures would promote the public good even if the individuals formulating policy did not always act in accordance with public values, even if decision-making was coercive, and even if decision-making costs were high (for discussion of this perspective in Aristotle and Madison, see diZerega 1984.)

The rules governing the spontaneous order of the market tend to subordinate all other interests to those of the ultimate consumer. Democracy's institutional rules are supposed to subordinate political actors to the public interest, that is, to the interests of people *in their capacity as citizens*. In this political tradition the democratic ideal is not simply majority rule but a polity of self-governing citizens. Any coercion needed is to be limited, ideally, to the punishment of activities directed against their collective interests as citizens. What those interests are, in their concrete sense, is to emerge from the political process itself.

Hayek's description of the general interest is an equally good description of the public interest:

> It will not be the interests of particular people but kinds of interests which we shall alone be able to balance against each other, and the classification for this purpose of interests into different kinds possessing different degrees of importance will not be based on the importance of these interests to those directly concerned, but will be made according to the importance to the successful pursuit of certain kinds of interests for the preservation of the overall order. (1976, 3)

Thus, the general welfare is "that abstract order of the whole which does not aim at the achievement of known particular results but is

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preserved as a means of assisting in the pursuit of a great variety of individual purposes" (1976, 5). Measures benefiting particular groups will be in the general interest "only so far as all find that the satisfaction of collective interests of particular groups on the basis of some principle of reciprocity will mean for them a gain in excess of the burden they will have to bear" (1976, 6).

The only modification I want to make to Hayek's formulation, if in fact it is a modification, is to say that these gains will not primarily be conceived in monetary terms. Rather, they will be in terms of values which to some degree are *goods in themselves*, and therefore are not purely instrumental.

Bernard Crick notes that "the political process is not tied to any particular doctrine. Genuine political doctrines, rather, are the attempt to find particular and workable solutions to this perpetual and shifting problem of conciliation" (1964, 22). (Interestingly, Crick also to some extent grasps the similarity of the political process to the market and to science on pp. 23 and 146). Madisonian theory is a particularly clear exposition of this perspective. One of Madison's underlying visions was that the various narrow private interests would mutually check one another so that policies which did emerge would have the support of the politically active community as a whole. Madison argued that a large polity consisting of many interests would enable any narrow faction to be stymied by the ambitions of other narrow factions. As a result, he suggested, the public good would emerge in the form of policies which all parties saw to be mutually beneficial. This would be accomplished by a combination of the polity's great size, making narrow regional interests politically harmless, and the filtering processes established by the Constitution and by the state governments. The polity's very complexity would promote policies in harmony with the public good.

Neither the public interest nor general market equilibrium will ever be attained. The particular details (and even general values) of which it consists cannot be known in advance, but must emerge from the coordinating process itself. And, as we have seen above, this process is never completed. Crick notes that "the moral consensus of a free state is not something mysteriously prior to or above politics: it is the activity (the civilizing activity) of politics itself" (1964, 24). I shall discuss this matter further below.

The political process can at best only approximate perfect coordination. What is important is the strength of the forces tending toward successful coordination compared with those disrupting the process. Political agreement is in several respects even more difficult to attain

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than contractual agreement within a market. Democracy's self-organizing capacity will therefore be less effective than the market's. There are at least five reasons for this:

(1) In a contractual market relationship only two parties are usually involved. In the case of politics, however, the entire community of voters is at least potentially involved. Decision-making costs are much higher with collective action than market exchange. The higher decision-making costs impede the coordination process within the polity.

(2) All information about society is potentially politically relevant. This is quite different from the more circumscribed world of market transactions. In the market only information relevant to the two parties directly involved is of importance in determining whether or not a transaction will take place. Much of this information can be simplified into prices, whereas in political decision-making such simplification is often impossible. Prices are important, but often not determining, factors in political decision-making.

(3) Most market transactions are purely instrumental in the sense that pure means are exchanged for pure ends or for pure means in order to attain ends yet more distant. While political action is always to some degree instrumental since it focuses upon what we shall do as a community, it is rarely purely so. Costs and benefits can therefore be more easily identified in market transactions than they can in political action.

(4) Fraud is much more easily uncovered and punished in market than in political transactions. In market relationships particular obligations are assumed by particular parties. In politics the complexity of multi-party negotiations and the necessarily increased difficulties in assigning responsibility for ultimate outcomes makes proof of fraud much more difficult and sometimes impossible. This is more true for democracies incorporating the separation of powers than for parliamentary systems.

(5) Coercive political institutions make it possible for those benefitting from policies to force others to pay them. This possibility encourages the corrupt to try to influence the political process for their private benefit. As Hayek observes, "the universal tendency of politics is to give preferential consideration to [a] few strong and therefore conspicuous effects over the numerous small and therefore neglected ones, and therefore to grant special privileges to groups threatened with the loss of positions they have achieved" (1976, 122). Difficulties in computing costs and benefits make it relatively easy for the organized to victimize the unorganized.

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In short, the democratic order faces much more difficult coordinative tasks than does the market order. *These weaknesses are particularly apparent when it tries to serve as a substitute for the market order.*

While self-organizing processes are weaker in a democracy than in the market, this does not mean that democratic decision-making can be fully replaced by market processes. (Nor can economic methodology be appropriately applied to politics without seriously distorting the subject matter. The approach developed here is very different from public choice analysis). The public good includes policies and practices which cannot be provided by markets alone, or which cannot be provided in adequate supply. First, of course, is the provision of adequate public goods or collective consumption goods, whose benefits cannot be withheld from those who do not pay for them. Defense is the most obvious example. Second is protection from those negative externalities which cannot be adequately incorporated into market prices, as with ecological problems such as acid rain. A third aspect of the public good which cannot be reduced to market relationships will require me to tread ground that is familiar to many political theorists, but much less so to economists.

Citizen and Consumer

One of Hayek's most important contributions in applying the insights of economic analysis to politics is his freeing us from dependence upon "economic man." So essential to economic analysis, nevertheless in all its guises economic man is an inappropriate and misleading construct when applied outside the sphere of economic science. This holds even for the most sophisticated version of economic man, that derived from Ludwig von Mises's praxeological approach to economics and since argued for by Murray Rothbard and Israel M. Kirzner. I shall term this construct Misesian man.

Misesian man separates ends and means clearly and distinctly (Mises 1963, 40; but see Lachmann 1977, 110, n. 6). His action seeks to attain an end or goal fundamentally distinct from the action itself. In this sense, for Professor Mises and his followers, all action except that of final consumption is purely instrumental. Instrumental rationality is the rational use of pure means to attain completely separate ends. Instrumental action is always a "cost," for it derives its value solely from the end towards which it is directed, having no value in itself for the actor. In addition, market activities are viewed as costs incurred in order to

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acquire other values. (This is not the same type of cost as opportunity costs, which exist for all actions.) For Misesian man all means are not only instrumental, they are costs.

For most of us even the briefest introspection shows that many of our actions are neither entirely costs nor entirely means. Consider my decision to walk rather than drive to campus some morning. I need to be there to teach. If I did not need to teach, I would not go. In this sense, my going to campus is an instrumental action. Getting to campus is part of the price I must pay to live where I live and teach where I teach. The most *convenient* way to get there is to drive. Parking is easy and the costs of driving under most circumstances are, for me, negligible. Instead, however, I walk. The morning is beautiful, the air fresh, the spring flowers are bright—it is one of those mornings when life itself seems a blessing. Nevertheless, if I didn't have to be on campus at a certain time, I would not go.

Is my walking to campus under such circumstances a means or an end? A cost or a gain? Clearly it is *both*. Further, the mix of means and ends in any particular action can take a wide range. Mises's logical separation of means and ends simplifies from the fact that most of our actual actions consist of varying proportions of both. The appropriateness of Mises's simplification depends entirely upon how important the characteristics of human life are which are abstracted away. This will depend upon what is studied. (For an alternative, and in my view simplistic, analysis see Rothbard 1962, 66.)

It is not coincidental that economists like Mises start with the simplified situation facing a Robinson Crusoe shipwrecked on a desert island. In such a situation, the need to survive impels the economic agent toward ideal-typical economic behavior: he only undertakes economic activity as a means to other ends (ends related to his survival). Unlike walking to campus, there is no intrinsic value in Crusoe-economic behavior. Thus, such behavior is always instrumental and costly.

There is some justification for extending this model to real-world economies, because impersonal exchange often makes "intrinsic" factors, such as non-materialistic motives for wanting to make a particular transaction, irrelevant. This allows the economist to assume that *all* exchange behavior is purely instrumental. But the danger is that this assumption will be taken too literally as a representation of reality. This is as serious a theoretical deficiency as the fact, often noted by Austrian-school economists, that much economic theory takes economic equilibrium and perfect competition to represent reality.

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Hayek goes well beyond other economists in his emphasis upon the market order as an autonomous system vis-à-vis any particular action within it. He does not need to rely upon any particular conception of human action except that it have at least some instrumental aspect. The market, viewed as a spontaneous order, is generated by purposeful but not necessarily economistic behavior. Since rules coordinate behavior but do not maximize a particular end, Hayek does not need to assume that our actions can be analytically separated into those which are pure means and those which are pure ends. Therefore Hayek makes possible an analysis far more subtle and just to its subject matter than is most economic analysis.

Political action is very different from economic action. To be sure, in a purely formal sense, in both instances we act for the good of ourselves. *But in each case the relevant self is different.* The consumer and the citizen are *both* abstractions from that very complex, subtle, and paradoxical entity we call the human being.

For the *consumer* the self involved either seeks purely personal ends or, if others are involved in determining his or her goals, they are so by virtue of their personal relationships with that consumer, as when a consumer buys a gift. The reason is simple. Because the market is coordinated through money prices, consumers (and producers) need know nothing about others in order to participate effectively. Indeed, it is difficult for consumers to know much about those involved in the production process without making a special, and unusual, effort. Wide horizons of considerations rarely enter into consumer choices.

For the *citizen* it is different. When acting politically in pursuit of the public good, people still act for the good of themselves, but of *themselves as conscious members of a community*. In a democracy the political self is immersed within a network of relationships characterized by formal equality with many people whom s/he will never know personally, but towards whom the citizen recognizes both an ethical commitment and a political obligation, not as individuals but as fellow community members. These people include past and unborn generations, as well as contemporaries. In short, our relation to people in their aspect as fellow citizens is properly different from our relationship to the *same* people as producers and consumers. A citizen can recognize obligations to one's unknown fellows and to the future and debts to founding fathers, even if a consumer cannot.

Most voters realize that the chances of their vote actually determining an election's outcome are extremely small. They vote anyway. If voting were simply, as many public-choice theorists would have it, a means for

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getting advantages through politics that voters had failed to obtain in the market, we would have to conclude that they were foolish indeed. If voting were simply a cost, it would never make sense to vote. It is better to be a free rider. Moreover, actual voters are disproportionately among the best educated, most economically successful, and oldest (without being elderly) members of their community. If voting were explainable in terms of voters' ignorance, foolishness, and the like, as an economic analysis would lead us to expect, then voters would be the least educated, least successful, and least experienced members of the polity.

The fact is that voting is rarely a purely instrumental act. Those of us who vote regularly will often attest that we find voting to be both an obligation and a source of satisfaction. It is a pain in the neck that feels good. Voting carries with it a sense of duty or responsibility normally absent when we act as consumers.

The self who votes is different from the self who consumes. Smokers and drinkers may support higher taxes for cigarettes and alcohol, but their support of those taxes need not be a sign of irrationality or inconsistency. Rather, they are the results of *choosing in different contexts*: as consumers in the market and as members of a political community in a democracy (see Rhoads 1985, 163–68). When purchasing for themselves within a market, people seek, *ceteris paribus*, to purchase as cheaply as possible. As citizens the context of choice is broadened. Different questions are asked and different values are relevant to one's choice.

In short, being a citizen involves moral circumstances different from being a consumer, or even being simply a private person. I am *not* arguing that being a citizen is superior to being a private person, only that it is different. It activates and develops (at least potentially) an aspect of the self rendered all but invisible when acting as a consumer. Because the institutional context is different, as a citizen I can ask what measures and values I think will benefit myself and others in our capacity as equal members of society. Acting as a citizen is purely instrumental only in cases of abject corruption, because it necessarily involves participating in a moral relationship regarded as *intrinsically* valuable. Thus citizenship and politics are not fully reducible to economic analysis, and economic categories of instrumental action are not able to comprehend them. (Neither are such categories able to comprehend a loving relationship or a happy and good life.)

To observe that many citizens fail to live up to their responsibilities, and are too often willing to subordinate the well-being of their community to their own advantage, is not a valid objection to this argument. One can as well argue that romantic love is a myth because in many

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relationships that love is influenced by very unloving motivations such as fear of loneliness, pride, a need for obtaining self-worth at second hand, and the like. Our failure to attain an ideal should not detract from our recognition of its value, nor from the degree to which we strive to attain in. Worse yet, we should not attempt to *reduce* that moral value to the motivations which undercut our ability fully to attain it. This is the deepest disservice which comes from misuse of the model of human action as purely instrumental. (On the other hand, most human action is not an end in itself, either).

The Biases of Abstract Rules

Hayek and others in the Austrian school generally have emphasized how the market order itself channels and molds human behavior (1976, 144). It is an active influence upon human action. In fact, Hayek suggests, it is a school for developing rationality because, even if most participants do not act rationally, those who do will tend to benefit far more from its workings than will those who do not. "Mind," Hayek writes, "can exist only as part of another independently existing distinct structure or order, though that order persists and can develop only because millions of minds constantly absorb and modify parts of it. If we are to understand it, we must direct our attention to that process of sifting of practices . . ." (1979, 157; 1976, 148). The market promotes a particular type of mind.

The market order sifts practices in such a way that those which are most serviceable to instrumental rationality prevail over those which are not. Not surprisingly, then, while the business organization is not the only type of organization existing within a market order, it is by far the most common. And it is organized almost exclusively around pecuniary motives. Money, of course, is purely instrumental for most people; its only value is its utility as a means of exchange. Thus markets predispose people to activity which is instrumental to their personal and material self-interest.

Moreover, market anonymity encourages an impersonal brand of behavior. Hence Mises could write about consumers that

> They are merciless bosses, full of whims and fancies, changeable and unpredictable. For them nothing counts other than their own satisfaction. They do not care a whit for past merit and vested interests. If something is offered to them that they like better or that is cheaper, they desert their old purveyors. *In their capacity as buyers and consumers they are hard-hearted and callous, without consideration for other people.* (1963, 270 [my emphasis])

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The point is not that people feel this way. Thankfully most do not. But *in the context of market decision-making they act as if they feel this way*. This is economic man.

This depersonalizing of relationships is what makes the market so extraordinarily productive of goods and services. But it also reinforces the already inherent tendency to reward purely instrumental action. In short, the market creates an environment in which those who act purely instrumentally will find their values in harmony with the market order itself. Those who do not will nevertheless have to act in harmony with instrumental values if they expect to do well in terms of the market's criteria of success: the amassing of money and of the goods and services that money will buy. If one does *not* act to maximize monetary values, over time he or she will be at a competitive disadvantage with those who do. Market resources will flow to people who use them most efficiently. It is perhaps significant that the poor devote a higher percentage of their income to charitable purposes than do the wealthy. Is also perhaps significant that recent experiments investigating people's attitudes and action with regard to "public goods" found that most of them happily contributed substantial resources toward their provision—the primary exception being a group of graduate students in economics (Rhoads 1985, 161-62)!

More light is shed on the difference between citizens and consumers when we consider the differing roles played by advertising in politics and in markets. It has been suggested that a parallel exists between democratic debate and the *persuasive* aspect of advertising. Advertising not only provides consumers with information about products, it also seeks to persuade them as to the desirability of different consumption values (Friedman 1989). But this parallel cannot be taken too far because of the different institutional contexts of advertising and political debate.

Very little market advertising appeals to our sense of justice, charity, or public values. Much democratic debate does. The difference is due, I believe, to the relatively isolated context within which we make decisions about personal consumption. Advertising need not be selfishly oriented; it often appeals to romance and loving values towards others. But it is overwhelmingly privately oriented. Democratic debate is much less concerned with this aspect of the self (Rhoads 1985, 154-55, 175-77).

Both our private and public selves are inescapable aspects of being human. Both the market and democracy are spontaneous orders that maximize opportunities for attaining our plans, to the extent that these plans are compatible with the system's abstract procedural rules. *But no set of abstract rules is truly neutral with regard to the type of information it most*

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easily transmits. Since the rules of democracy are different from the rules of the market, the type of information they are able to transmit will differ from that transmitted by the market. Both types of spontaneous order are necessary, but neither is sufficient.

Political Values and Market Values

A market institutionalizes individual freedom of choice within a framework whose rules reward instrumental action. A democracy institutionalizes individual freedom and equality of advocacy within a context more open to non-instrumental action (Barry 1978, 178). It is therefore not a *substitute* for action in the marketplace and cannot be adequately analyzed as if it were.

The criteria for success in serving the general good are much more ambiguous than the criteria for success in serving consumers. As a consequence, there is more leeway within a democratic order in terms of the values and policies which may be effectively advocated than is the case within the market. This is particularly true in the short run, when the ill effects of poorly conceived measures are not clear; if this were all there were to it, the case for democracy would be weak. However, there are also activities which democratic orders can carry on *better* than can market orders because the valued underlying these activities are in greater harmony with democratic rules than with market rules. When a person is concerned with community values and issues, the democratic order makes it much easier to address them than does the market order. Cost-benefit analysis is not adequate to decide whether public assistance should be provided for the poor, schooling should be available for all, or endangered species should be protected—however useful it may be in efficiently implementing policies to achieve these ends once they have been chosen.

As we have seen, citizenship in itself is a good in a way that being a consumer is not. Citizenship embodies a relationship of equality with others which need not exist within a market. A market institutionalizes formally non-coercive relationships between buyers and sellers which are reciprocally instrumental. But instrumental relationships are *never* rooted in a recognition of equality. The other party is always purely a means to an end, to be used as efficiently and with as little personal inconvenience as possible. "Factory farming" is the clearest example of how purely instrumental relationships treat living beings.

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Democracy and Coercion

By contrast, democracy (ideally) institutionalizes noncoercive relationships which are reciprocally rooted in respect for our common membership in a political community. It provides a framework wherein each who wishes may seek to persuade others of what would be in their common good. Ideally the circumstances will be such that the terms of persuasion will address the political community as a whole, rather than a part of it.

To be sure, unlike the market or science, in practice democracies institutionalize physical coercion as a means of prevailing over unwilling minorities. But (theoretically) the democratic grounds for this are the high bargaining costs entailed when a large body must rely upon unanimity, plus its vulnerability to blackmail by corrupt minorities withholding assent unless they are paid off by the community as a whole (Madison 1961, 361 (*Federalist* 58); Barry 1965, 245–49). Like market transactions, politics is concerned with changes in the existing state of affairs. As a consequence, time is a valuable resource. Unlike markets, the costs of attaining agreement by all concerned can be extraordinarily high even in cases when, after the fact, all would approve the change. Hence the reliance upon coercion.

Nevertheless, democratic practice falls far short of its theoretical ideal. In practice many laws are simply measures whereby some members of the community coercively enrich themselves at the expense of others, or of the community as a whole. From Aristotle to Madison, attempts to combine political equality and self-government with coercive governmental institutions have been at best very mixed successes. Some would argue that they have not been successful at all. (I would not.)

While it may be that such coercion cannot be fully eliminated, the connection between political democracy and the coercive state may be far less intimate than is usually thought. Democracy and the state (in Max Weber's sense) have a historical connection, but is it also a logical one? Hayek's concept of the catallaxy gives us a means for exploring the issue (1976, 107–32).

The catallaxy is a social order predicated upon contractual exchange. Whereas Hayek terms it a market order, it is so in a broader sense than is usually granted. The market order in the narrow sense tends to push exchanges into ever more purely instrumental modes. But the catallaxy is more than this. If we take contract as a voluntary agreement between two or more to do something or bring something into being, we can discover important areas of contract which are not akin to market con-

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tracts except in the very narrow sense of being voluntary. Marriage is the most obvious. Marriage is distinguished from market contracts in not being purely instrumental for *either* party. The instrumentalist parallels to spouses are prostitutes, call girls, live-in maids, butlers, and the like. But marriage is not the only realm of contract which cannot be primarily analyzed in market terms (Gary Becker to the contrary notwithstanding).

Consider cities and neighborhoods established as cooperatives in which all inhabitants were shareholders. Needs too large to be met by one such unit could be satisfied by several cooperatives contracting together. Such a network of cooperatives would be a democracy, or at least would potentially be able to perform almost all the activities done by democracies today. They would be coordinated together by the basic institutions of the catallaxy.

Nevertheless they would not, as with market institutions, be biased in favor of maximizing pecuniary values. Democratic cooperatives would be better able to promote publicly oriented action than the market, narrowly conceived. They would interpenetrate with the market, but the biases of their ordering rules would be different. A catallaxy, then, consists of both democracy and the market (in addition to other contractual institutions). This is obviously a complex issue; but if indeed many democratic functions *could* be completely performed within a contractual framework, then the connection between democracy and coercive institutions would appear to be partly historical and partly practical, rather than logically necessary (cf. diZerega 1984).

However, though democracies *might* be better served within an almost completely contractual framework, the achievements of coercive democracies should not be underrated. In such democracies the leaders of the momentary marjority do not act permanently to institutionalize their present dominance. Rather they maintain conditions where the views of today's minority may sometime in the future become those of a majority. This underlines the fact that citizenship based on political equality is more than a pure means, but rather is a good in itself, one of sufficient value that a temporary majority will be unwilling to abolish it even at the risk of losing their dominance.

Further, even coercive democracies are responsive to broad values supported by the vast majority of citizens. Universal education, ecological protection, public health, protection for the very unfortunate, and defense are all almost universally supported values. That they are often also means by which certain interests benefit disproportionately in no way detracts from their status as being part of the public good in the

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sense developed above. That they are sometimes distorted by virtue of the ease with which coercive institutions can be captured by private interests also does not undermine their being a part of the public good. It only suggests that we might *better serve* that good.

Finally, coercive democracies do not act like traditional states in their relations with one another. No two modern democracies have ever warred with one another. Shared democratic boundaries are demilitarized, even when they are not allied (e.g., the Swiss-German and Finnish-Swedish borders). Liberal democracies both initiate and join international organizations far more often than do other states. On two occasions they have even proven willing to give up significant portions of their sovereignty to larger democratic bodies: when the United States and the European Economic Community were formed. In all these respects democracies do not act like traditional states, and in all these respects the differences are both important and advantageous for the average citizen. Liberals should give *three* cheers for democracy.

Liberalism and Democracy

Liberal social thought has emphasized the importance of abstract rules equally applicable to all as a necessary foundation for a free society. The market has been considered the purest and most successful liberal institution in this sense. Hayek has delineated how its self-organizing qualities emerge from action undertaken within a framework of abstract rules that encourage voluntary cooperation.

Democracy is also constituted out of abstract rules which promote cooperation, but the form of cooperation and values it encourages are public and political rather than oriented toward private consumption. A tension exists between public and private values, but this tension is only the social expression of our nature as both individual and social beings. While trouble arises when one type of order seeks to encroach too far into the domain of the other, no clear demarcation can be said to exist between the two. In the nature of things, the (temporary) resolution of this tension is a perpetual political question. This tension is inherent in liberal civilization, for democracy is as much its expression as is the market.

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Laurent Dobuzinskis

THE COMPLEXITIES OF SPONTANEOUS ORDER

An evolutionary vision of natural and societal processes is well on the way to replacing the more static and positivistic approach that many textbooks continue to describe as "the scientific method." The notion of evolution is far from being new, but one is justified in speaking of a *new* evolutionary vision in this instance because it rests on a novel understanding of the complexity of dynamic phenomena. Complexity is understood here as implying not only complicatedness but also irreducible uncertainty or, perhaps even more appropriately, ambiguity. Heisenberg formulated his "uncertainty principle" in 1927, and Niels Bohr later came to the conclusion that the concepts of quantum physics are more aptly described as being ambiguous.[1] In more recent times, however, a new notion of ambiguity has emerged from the still ongoing development of a theory of self-organizing systems in the natural and societal realms. Models of evolutionary processes, in turn, have facilitated the articulation of a subjectivist epistemology in which the knowing and autonomous subject plays a central role, both as observer and as a creative agent participating in the production and reproduction of the observed systems.

In the Anglo-American world, a good many social scientists have been exposed to this paradigm through a reading of F. A. Hayek's recent work on the innovative notion of "spontaneous order." I count myself

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among those who see in Hayek's analysis a remarkable contribution to both the critique of simplistic models of causal explanation still favored by many social scientists, and to the political debate about the changing role of government in increasingly complex, perhaps even ungovernable societies. But the purpose of this paper is to show that Hayek prematurely systematizes some of these innovative ideas into something that looks suspiciously like an ideology of "marketism." In other words, my goal is to make a clearer distinction between Hayek's illuminating premises and the more debatable conclusions that he reaches. The self-organization paradigm and the liberal tradition have much in common; that does not mean, however, that the former can be characterized as providing a firm foundation for Hayek's uncompromising and unreconstructed classical liberalism.

Parallel approaches in the natural sciences are considered briefly in order to delineate the contours of the emerging self-organization paradigm, and with a view to re-assessing the "fit" between the market as a spontaneous order and theories of self-organizing processes. In turn, this leads to an argument that spontaneous order is only one aspect, albeit a very important one, of the complexity inherent in human actions and societal interactions. These parallels also serve to relativize the notion of order *qua* equilibrium, as Hayek himself does, but they take this reflection further by bringing to light the dialectical link between order and chaos in natural and societal processes.

A contrapuntal discussion of the French sociologist Edgar Morin's epistemology of complexity will then reveal the risk inherent in hypostatizing even as far-reaching and apparently non-reductionist an idea as the paradigm of self-organization. Morin's concern with the interplay between the autonomy of biological subjects and processes of ecological dependence, or between individual identity and webs of cultural and political solidarities, points to the necessity of rethinking the perennially puzzling problem of the relationship between a whole and its part. One way of doing so, as Morin attempts to do, is to turn our attention on the human mind and human consciousness. In these we can see the spontaneous and creative sources of cognitive order . . . bounded by physiological processes, evolutionary structures and historical contingencies. If one intends to break this continuous dialectical chain, as one must to understand one's own particular situation at a given point in time, value choices have to be made in order to characterize what is outcome and what is process, what is foreground and what it background, what is realized and what is emerging, etc.

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Liberalism provides an excellent standpoint if by it we mean a sometimes tolerant but always critical attitude vis-à-vis all ideological systematizations laying claims to an absolute knowledge, one that dispenses with the need for starting from the reality of the knowing, autonomous subject in both theory and practice. Thus I do not wish so much to challenge liberalism, as to make a few steps forward on the path that it has opened, toward a re-interpretation of the complexity of freedom as a concept that cannot be reduced to the rather trivial opposition between its negative and positive forms, or between individual freedom and collective myths.

Kinds of Order

Much as our lives and indeed reality as we know it may at times seem chaotic, we can discern structures that allow us to make sense of the situations in which we find ourselves. Hayek defines "order" as "a state of affairs in which a multiplicity of elements of various kinds are so related to each other that we may learn from our acquaintance with some spatial or temporal part of the whole to form correct expectations concerning the rest, or at least expectations that have a good chance of being correct."[2] Such an order could also be called a "system," except perhaps that a system may be said to possess an identity apart from the expectations we have about it (e.g., an individual organism, a bee hive, or even a human society).

In R. M. Unger's words, liberal political theory identifies "two fundamental problems of politics[:] order and freedom";[3] more specifically, it is the interrelation between these two notions which is problematic. The solution to this problem lies in the formulation of "impersonal rules or laws."[4] For the more "progressive" wing (the American "liberals"), the freedom afforded by laws is conditional and deliberate: the rules are rationally planned in a reformist perspective. As Hayek explains, this constitutes a "synoptic delusion" meaning "the fiction that all the relevant facts are known to some one mind, and that it is possible to construct from this knowledge of the particulars a desirable social order."[5] For the classical liberals, or "conservatives" in an American context (although Hayek finds this label objectionable),[6] planning does not create order. On the contrary, by disturbing the regularities based on impersonal rules which are the product of evolutionary learning, rationalist social engineering results, if not in chaos, at least in unworkable or unnecessarily coercive organizational structures. But then if order is not planned, how has it come to exist in human affairs? Surely economic,

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social and political institutions are not the product of some kind of biological determinism?

Hayek's (well deserved) claim to originality is to have articulated explicitly what was only implicit in the writings of Bernard Mandeville, Adam Smith and others, namely that there are social arrangements that are the result of human action and yet have not been deliberately designed. Thus there are three kinds of ordered phenomena: natural systems which are, by definition, *sui generis*; spontaneously generated societal systems (i.e., "the result of human action but not of human design"); and planned systems. In order to do away with the confusing distinction between natural and artificial creations, the first two categories can be subsumed under the term *kosmos*, while the latter is what the Greeks distinguished as a *taxis*.[7] The important point here is that a stable order can be spontaneously generated by enforcing rules of conduct which do *not* assign a goal or a function to individual actors; they simply make possible the co-ordination of individual projects. Examples of such spontaneous, rule-based orders include the market economies and the Anglo-American Common Law. Examples of *taxis* can be found in not only planned socialist economies but also in any form of interventionist economic management, in the practice of administrative discretion, or in the abusive recourse to positive law by reformist governments. This is not to say that all societal hierarchies designed to achieve specific goals are nefarious. Human actors can voluntarily join such organizations (e.g., industrial firms, universities, etc.) for the purpose of furthering their interests. But the state apparatus, because of the coercive nature of the instruments it uses, can intervene in ways that sometimes do serious harm to individual freedom. There is actually no need for societal control, according to Hayek, because a complex, modern society is not defined by a single set of goals but, on the contrary, depends for its reproduction on an almost infinite variety of individual pursuits.

My own typology overlaps with Hayek's but it distinguishes between more types of systems. Living—including societal—systems, as well as artificially produced machines, are all open to energy flows. But they can be differentiated in terms of the degree of recursiveness built into their operations, i.e., in terms of their relative closure upon themselves.

Input-output systems, like ordinary machines (e.g., an automobile), or models of intersectoral exchanges in econometric calculus, lack any kind of guiding mechanism or principle. They are designed to respond to inputs provided by the users of these machines or models. Self-regulating machines, on the other hand, embody feedback channels that allow the system to monitor its own performance (e.g., a thermostat-

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controlled ventilation system). Such a system can have a single regulator or rely on a series of coordinated regulators. I will argue that the neoclassical model of price competition and market equilibrium belongs to that category. Finally, there are self-organizing or self-producing ("autopoietic") systems that not only regulate certain aspects of their own operations, but also possess the capacity to produce their own essential components and overall organization. We have not (yet?) been able to design such systems. Here I concur with Hayek that all examples of such systems, either in nature or in the societal realm, are the outcome of evolutionary processes; that would include Hayek's representation of market economies as complex "catallaxies," although I have some reservations on this point to which I will return later.

The distant origins of the self-organization paradigm can be traced back perhaps as far as Leibniz, and certainly include Adam Smith. Insofar as it supposes an evolutionary perspective, nineteenth-century pioneers of the notion of evolution, including of course Charles Darwin, must also be included. Among the more immediate antecedents of the contemporary models of self-organizing systems, M. Zeleny mentions the Austrian economist Carl Menger, who had a definitive influence on Hayek; A. A. Bogdanov, whose "tektology" was an attempt to provide an account of "the creation, maintenance, and destruction of systems (or complexes in his terminology)" through processes of (self-) production and destruction; the French biologist Stephane Leduc, who saw in the *organization* of living matter its defining characteristics; J. Smut's concept of "autogenesis"; Hayek himself, of course; and P. A. Weiss's principle of "stratified determinism."[8] It is important to remember that these ideas were articulated in the context of the profound transformation in the theoretical foundations of physics brought about by quantum theory. On the metaphysical side, the indirect—and, in the case of some authors, quite direct—influence of A. N. Whitehead's philosophy of process must be noted also. Contemporary developments include Heinz von Foerster's second-generation cybernetics models, H. Maturana and F. Varela's concept of "autopoiesis," or the self-production characteristic of living systems, and Ilya Prigogine's thermodynamics of open systems "far from equilibrium."[9] Hayek himself has noted the convergence between these trends and his own views.[10]

Hayek's Spontaneous Order

At least in the Anglo-American world, those social scientists who are not familiar with such arcane fields as bio-cybernetics or the thermodynam-

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ics of open systems are more likely to have come across the idea of self-organization in Hayek's work. Thus a critical evaluation of the extent to which the latter conveys the essential assumptions of the new paradigm, and points toward truly innovative directions of research, is urgently required. The present paper offers only a preliminary investigation of some of the themes that such a critique should address.

My contention is that Hayek's analyses of the implications of the complexity of human interactions in a "Great Society," together with his insightful discussion of the differences between a *taxis*, or planned order, and a *kosmos*, or spontaneous order, are authentic expressions of the intellectually liberating perspectives opened by the new paradigm. But ambiguity and manifold paradoxes are the familiar signs that we have undertaken the exploration of a complex problem. Hayek's categorical assertions about the unequivocal consequences that flow from some institutional arrangements and practices (e.g., the "welfare state") are therefore debatable. It goes without saying that any attempt to establish the merits of an authoritarian, *dirigiste* regime of either socialist or conservative nature on the premises of the evolutionary paradigm at stake here would require some extraordinary logical contortions, not to mention plain and simple intellectual dishonesty. But Hayek's pronouncements on the evils and inevitable consequences of even limited "interventionism"[11] are not much more convincing.

Economic and social interventions by moderate, pragmatic governments do not necessarily lead a country down the road to serfdom—after all, after several decades of interventionism in a mixed economy, Margaret Thatcher's Britain does not exactly qualify as a model of socialism. This Hayekian prognostic is also inconsistent with Hayek's methodological views on complex phenomena. I am prepared to admit that by restricting the capacity "of the individuals to adjust themselves to the particular circumstances known only to them, we destroy the forces making for a spontaneous overall order and are forced to replace them by deliberate arrangement which . . . restricts the range over which we can hope to achieve a coherent order."[12] But it does not follow that we can predict the direction of societal dynamics if, for some reason, at some particular juncture, a democratic society entered into a few of these reprehensible arrangements. Hayek's own "theory of complex phenomena"[13] suggests that it is futile to try to formulate such precise laws. A more probable prognostic would seem to be that after experimenting with interventionist policies, voters in Western democracies are likely to turn to parties dedicated to deregulation and privatization;

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negative experiences with these policies may, in turn, after a decade or two, engender different expectations about the role of the public sector.

The evolutionary paradigm and the discovery of the complexity of nature and society are heuristic strategies for making sense of societal dynamics. We should not read into them unassailable justifications for specific social arrangements, nor interpret them as programmatic instructions for social reformers. The trap into which evolutionary thinkers sometimes fall is that of confusing evolution with orthogenesis, i.e., assigning to evolution a pre-determined end-goal; that is the very kind of scientism that Hayek has denounced repeatedly. Hayek himself has not been content to wait for the slow tide of evolution to move society in the direction that he wishes it will take, or away from the trends to which he objects.[14] Indeed, the paradox is that, in today's world, the implementation of Hayek's preferred options would entail an arguably unhealthy does of less than spontaneous social engineering. The political experience of Great Britain under Thatcher or the United States under Reagan are cases in point. Privatization and deregulation are reforms that have been initiated by political elites (which is *not* to say that they have been forced upon a reluctant public) with a view not only to modify the rules of the game, but also to achieve certain specific results. Among these one could count the development of a form of popular capitalism in Britain and providing easier access for industry to natural resources in the United States.

These are admittedly rather marginal criticisms. Hayek's central point, i.e., that the co-ordination of myriad individual plans occurs only by means of impersonal rules of conduct selected through an evolutionary process, is consistent with the self-organization paradigm and presents a number of advantages over competing perspectives. There are, however, some ambiguities and mistaken assumptions in Hayek's work which need to be highlighted.

It is not so much Hayek's subjectivist methodology nor his concern for the domain of action which are refreshing, but his critique of the fact that, for so long, the social sciences have done their best to minimize the role of human beings-as-subjects in the formation of institutions and in evading the constraints set by these institutions. But Hayek's vision has increasingly been vindicated. Not only is the interpretive method gaining ground in sociology and political science, not only is there a renewal of interest in Austrian economic theory, but our understanding of natural processes is changing. Edgar Morin has observed that converging trends in a number of disciplines point toward the emergence of a "science of autonomy."[15] According to the biologist F. Varela, "[a]utonomy

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those processes depend on them failing to realize the consequences of their individual actions? In such spontaneous societal orders as markets, individual actions are coordinated by reference to realities that *appear* to be exogeneous or transcendent (e.g., the price system), when in fact they are immanent in social practices. Jean-Pierre Dupuy, on whose work Hayek has had a considerable influence, answers that liberal societies have managed to survive in the face of that paradox, and can continue to do so. The reason is that the citizens of liberal democracies, certain in the knowledge that they do not have to worry constantly about societal cohesion, acquiesce to their subordination to the institutions they spontaneously create. Thus, Dupuy concludes, "the recognition of misrecognition is the recognition of a real object, not of an illusion, so that the object is not destroyed by the knowledge of it that we acquire.[24] However, Dupuy admits that there are instances in which this general principle is violated. For example, the sophisticated models built by economists and used in economic policy-making can easily become self-fulfilling prophecies. I would add that the disingenuous ideological option of effecting a radical return to the age of classical liberalism can only be a contrived exercise. This is not to say that a more market-oriented approach to societal problem-solving is impossible—far from it. But such a strategy risks being coercive, given our present condition. Therefore, it ought to be pursued in a spirit of moderation. Coercion in the pursuit of public policy objectives is not always an absolute evil, but that does not justify it being used imprudently.

Thus, societal self-organization is even more complex and less spontaneous than Hayek claims, involving various levels of consciousness and rule-avoidance as well as rule-following and rule-reformulation. It is also somewhat less orderly.

Hayek's insightful analyses of the unstable character of economic processes parallel the dialectical process of structuration/destructuration which, in one form or another, reappears in all versions of the self-organization paradigm. His rejection of the Walrasian notion of general equilibrium is well known; it was influenced by Ludwig von Mises's criticism of the static method of neo-classical economics and, in turn, served as a foundation for the (even more dynamic) "kaleidic" perspective developed by G. L. S. Shackle and Ludwig Lachmann.[25] Whether economic processes constitutive of what Hayek calls a "catallaxy" are as chaotic as the physical processes described by Ilya Prigogine is an interesting question. (To put it briefly, "dissipative structures," after undergoing chaotic fluctuations as a result of an input of energy, have been observed to move to a more complex level of organization; using similar

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concepts, William Brock has found evidence of chaotic variations in financial markets.)[26] G. R. Pullen has argued convincingly that such a parallel is justifiable.[27] But Hayek's dynamic view of the market process can be contrasted with his more conservative interpretation of political life.

Hayek's "Old Whig" values are all too evident in his political theory. As C. M. Hoy puts it,

> he appears over-sanguine in the belief that controversies involving civil liberties will be brought to a satisfactory conclusion in an evolutionary process. Besides giving too little attention to problems regarding civil liberties, Hayek somewhat surprisingly does not much discuss the related ideas of resistance, rebellion or revolution.[28]

Thus Hayek's own biases illustrate the extent to which we tend to construct our own versions of the rules structuring a societal order.

One may share Burke's skepticism with respect to the revolutionary ethos, but normative considerations ought not to prevent a theoretical framework from taking into account actual events and developments in the often disorderly political arena. Hayek remains an economist, in spite of his catholic interests and encyclopedic erudition. By this I mean that he does not submit assumptions drawn from the market order to a critical re-examination before extending them to other spheres of human action. Whether the market order is the best example of a societal self-organizing system, however, is debatable. While I am prepared to concede that the complex catallaxy looks very much like a self-organizing system, my contention is that the public realm is more appropriately described as a truly autonomous and self-organizing system. And insofar as the existence of a catallaxy depends on certain political conditions, a conception of freedom in purely negative terms—the only acceptable definition of freedom in Hayek's opinion—is inadequate for understanding the ways in which political actors bring about such conditions.

The Political Genesis of the Rules of Conduct

There is a certain ambiguity as to the origins of the rules constitutive of a Great Society. The very phrase "spontaneous order," together with Hayek's account of cultural evolution in strictly Darwinian terms,[29] suggests the picture of a largely, if not completely, unreflective process: a hand which is invisible even to itself, as it were. On the other hand, Hayek concedes that the rules constitutive of a *kosmos* can be deliberately

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modified—as opposed to changed through an uncontrolled evolutionary process.[30] But this is not a theme upon which he choses to elaborate.

What the self-organization paradigm implies is that processes of social, economic and political change are open-ended. They often produce counter-intuitive results, even when attempts at comprehensive planning are made. Typically, although not necessarily, there is a gradual movement toward more complex structures over the long run; i.e., societal dynamics is not a purely random, but an evolutionary process. However, parallels between the (still somewhat fuzzy at the edges) concept of biological evolution and the (much more nebulous) notion of sociocultural evolution raise thorny methodological problems. Hayek's almost mechanical application of the theory of natural selection to the selection of cultural values is unconvincing. It is impossible to answer the question of what it is that a liberal order is better "adapted" to. For example, legal systems *other* than the arguably more liberal Common Law have served as the foundations of quite healthy economic and social institutions in a great many countries, and are not likely to disappear as the result of some kind of adaptive competition between legal systems.

The problem for Hayek, as John Gray has noted, is that not all forms of spontaneous order are compatible with liberal principles.[32] That is, a liberal order is necessarily a spontaneous order in that it is not the result of totalitarian planning, but a spontaneously evolved societal system is not necessarily a liberal order—it could very well be a traditionalist, even reactionary order of the kind that de Maistre had in mind. It could just as well evolve into a more reformist and pragmatic Toryism. If not a process of cultural selection, then, what can ensure the emergence of liberal values and rules of conduct? My answer is that it must be in large measure a complex *political* process.

Some economic institutions typical of a liberal order are structured by rules constitutive of recurrent "games" played by private actors pursuing more or less self-serving strategies. (These games have been formally analyzed by A. Schotter.)[33] The rules and outcomes of such games are usually not subject to public scrutiny, and I am not suggesting that they should be. I maintain, however, that vitally important contextuating values and practices emerge from a different source. Debates, conflicts as well as acts of symbolic reconciliation and pacification played out in the public realm—and in a manner which calls for the active involvement of the citizenry—are crucial influences on the development of norms of conduct. For instance, the liberal order in England is in large measure the outcome of the conflict between Parliament and the Crown

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in the seventeenth century. But political dynamics are not comparable to contractual exchanges in the market place.

As Gus diZerega convincingly argues, it is one thing to claim that a liberal democratic order is a spontaneous order, as indeed it is, but it is another thing to suppose that the impersonal rules of conduct existing in a democracy and the market order are homologous:

> No set of abstract rules is truly neutral with regard to the type of information able to be most easily transmitted by them. The rules of political democracy are no more neutral with regard to the type of information they enable to be coordinated than are the rules of the market. But the rules of democracy are different from the rules of the market; as a consequence the type of information they are able to transmit will be different from that transmitted by the market.[34]

In particular, diZerega explains, market rules are conducive to instrumental action, whereas democratic rules are more appropriate for the coordination of non-instrumental action. The common good is not a goal to be achieved by means. It is realized in the very process of debating its meaning, and in the (sometimes coercive) attempts at implementing policies favored by a momentary majority, without preventing dissenting minorities from challenging them.

The paradox here is that a liberal order is one in which self-organizing economic and social institutions function separately from the state, and must continue to do so for a liberal order to persist. Yet the withdrawal from the public arena that such a situation implies poses a threat for the continued existence of a truly liberal political culture. When politics gives way to private pursuit, when the *res publica* is reduced to selfish calculations, technocratic practices inimical to liberty are likely to become more prevalent. These can be kept in check by "downsizing" government. But, reduced at its core to a rump, the public arena would then change into a plutocracy, redolent of privileges, conflicts of interest, myopic ambitions, and intolerance. Some might say that we are there already.

When options that can be realized only through concerted, participative and creative actions in a public arena are precluded, the freedom of the members of such an atrophied political community is constrained. (Perhaps the most telling example of such obstacles is our inability to organize for reversing the disturbing ecological trends which abusive manipulations of natural processes have caused, e.g., the greenhouse effect.) This is a problem that deeply concerned Hannah Arendt. Perhaps her vision of heroic republicanism was utopian, but the message is

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clear. The content or the subject-matter of freedom counts as much as the procedures that we use for guaranteeing freedom. Thus positive freedoms must also be developed to break obstacles to communication and involvement. A commitment to education, the provision of a decent standard of living for all, the distribution of grants and subsidies to groups whose point of view would otherwise not be heard, etc., are not necessarily in contradiction with the realization of a kind of Hayekian spontaneous order, as long as they are not systematically used by state authorities to achieve pre-determined goals (e.g., one party's definition of "social democracy"). These measures enable the greatest number of political actors to play their parts in crucial debates, or simply to keep informed so as to remain potential actors. In fact, the spontaneity of freely entered-into communicative relations of advocacy and counter-advocacy is striking, as evidenced by the ebb and flow of social movements.

An interesting paradox hidden within Hayek's virulent attack on the notion of social justice has been revealed by Jean-Pierre Dupuy:

> [According to Hayek,] to say of the outcome of a spontaneous order that it is unjust is to fall back on anthropomorphism and animism. Primitive thought explained social morphogenesis by reference to the conscious and voluntary action of an identifiable agent; that was one more example of the search for scape goats. Hence, the phrase "social justice" would be meaningless. But this argument can be turned inside out like a glove. If modernity has achieved any kind of progress in comparison with primitive thought, it is because it has produced the knowledge that injustice, and evil in general, are above all the result of systemic processes, beginning with the very production of scape goats. And is there anything more unjust than to condemn an innocent?[35]

In other words, to imply that poverty is not a matter for discussion in the public realm is to recreate the primitive fixation on scape goats. Are not we already casting out into oblivion the homeless, the unemployed, the single parents, etc., to atone for modern sins such as the budgetary deficit, the failure to adapt to the global economy, or the necessity of controlling inflation? Admittedly, this criticism may sound somewhat unfair considering that Hayek explicitly rejects the notion of minimal government, and concedes that the public sector is often called upon to provide necessary services that are not available on any market.[36] But the rather limiting conditions (which bar any kind of government monopoly) which he attaches to this aspect of public policy denote a dogmatic preference for private enterprise. Even if it is often the case

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that private-sector contractors could provide better services than government agencies, and even if some government monopolies have been found to be inefficient, there are significant exceptions (for example, some Canadian Crown corporations appear to be at least as efficient as many comparable privately owned firms in North America).[37] More importantly, the point is that the proper balance between efficiency, equity, accountability, ecological sanity, etc., ought to be a matter for political debate. Social theory cannot provide a priori answers to these practical questions.

Now, the conception of freedom as positive entitlement presents some obvious risks. When freedom is equated with active self-realization rather than the protection against coercion, the rulers can be tempted to decide for the ruled what their "true self" ought to be, and to force them to conform to this definition; Rousseau's frightening aphorism—forcing people to be free—comes to mind. But unless one would want to argue that a spontaneous societal order not only is not the result of human design, but is not even the result of human action, and can be understood only in terms of some exogeneous laws of evolution, it is impossible to reduce political rights—as distinguished from economic rights—to negative freedoms.

I have alluded to the concept of self in relation to political life, and I now propose to explore it further.

The Ecology of Spontaneous Social Orders

Autonomy and self-organization are only one facet of the complexity of evolutionary processes. In this respect, I see two insufficiently explored areas in the Hayekian research program: (1) the problem of the biocultural dimension of the life of the mind, in contradistinction with the representation of atomized individuals constrained by the impersonal rules of the catallaxy and the legal order; and (2) the problem of the insertion of societal systems in the biosphere. Just as we thought that technology had finally enabled us to freely pursue individual purposes, we discover that we bear a responsibility for these purposes to other species and to the planetary order as a whole. The Invisible Hand has dealt us a bad hand for playing the game of life. Ecological themes and concepts must be woven into any theoretical framework that pretends to be evolutionary. Autonomy and dependence, spontaneity or freedom and determinism are opposite poles between which the formative processes inherent in the evolution of life and consciousness are balanced.

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I can do little more there than to sketch a blueprint of this broader synthesis. Thus if in what follows I single out George Herbert Mead's symbolic interactionism and Morin's epistemology of complexity as approaches that complement Hayek's insightful analysis of the emergence of spontaneous social orders, I do not mean to imply that these are the only ones relevant to my concern, nor that they provide all the answers to the problems that I posed above.

Societal institutions allow us to "form correct expectations," as we are told by Hayek. But that is a truncated view of their importance in our daily lives. A spontaneous social order also plays its part in shaping these expectations. There exists an intimate relationship between our own irreducibly autonomous individual identities and the multi-dimensional identities of the communities and institutions to which we belong. (I am particularly concerned here with the local and national political communities constitutive of the modern nation-state). That is, a spontaneous order is more than a set of abstract rules. It acquires over time a unity or identity; the Anglo-American Common Law is a case in point. (I denied this quality to the economic system on another occasion, but I concede that Hayek's catallaxy is more subtle and complex than the neoclassical equilibrium mechanism, and thus can also be said to be truly *self*-organizing.)[38] Now, to say of a *self*-organizing societal system that its "self" is more than a semantic convention in no way implies the existence of super-individuals, above and beyond individual human beings. Rather, these collective beings are, like holographic images, embedded in, and constructive of, the minds of each one of us as members of these collectivities. And if they are at all self-conscious, it is insofar as they are objects of discourse in social relations. We are ourselves, in a sense, the institutions of society. Neither the market order, democracy nor the nation-state (taken here as different and more-or-less inclusive forms of spontaneous social orders) is simply a means of screening information and transparently, as it were, coordinating individual goals. These various orders or broadly based institutions are not entirely external to their members; instead, they literally co-exist with them, while they remain distinct at the same time. Proverbial expressions of the type "you can take X (i.e., a person) out of Y (i.e., an institution), but you can't take Y out of the X" convey the point. To understand this multi-dimensional character of the self, we must look beyond the confines of both sociological determinism and methodological individualism.

Sociology and, maybe to a lesser extent, political *science* have long been handicapped by the fact that they lacked an adequate theory of the social agent or of the political actor. These disciplines were exaggerat-

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edly concerned with structures and the influence of socio-economic variables on measureable behavioral characteristics. (The recent popularity of interpretive methodologies shows that the pendulum has shifted in the other direction). By contrast, economic theory, especially neo-classical micro-economics, suffered from a blind spot as far as economic and other societal institutions are concerned. It is the great merit of Schumpeter, Menger and, of course, Hayek to have underlined the fundamental importance of the institutional context of economic life.[39] However, the strictures inherent in even their subtle version of methodological individualism have prevented them from reaching a complete understanding of the true complexity of spontaneous social orders.

For Mead, mind and the sense of self emerge in a social setting through the agency of language. It is noteworthy that Hayek also wrote about the co-evolution of mind, culture—as distinguished from reason—and language.[40] However, he seems to equate brain and mind, and he argues that the brain can only "absorb" culture (the only alternative, for him, being design or social engineering). This is reminiscent of Talcott Parsons's rigid conception of socialization. Mead's vision is more consistent with the actuality of human experience. By the interpretation of symbols, the brain organizes itself into a thinking mind. (It is important to remember that catallaxies, laws, religions, etc., are also symbolic systems; rules of conduct, insofar as they are articulated in a common language, are particular expressions of the symbolic richness of that language.) The mind, by objectifying itself, acquires a sense of self. (One can give a similar metaphorical account of the relationship between the unit/identity of an autopoietic cell and the unity/identity of the organism, as evidenced in the operations of the immune system.) Moreover, the objectifying of the mind is accomplished in a social context: it is in forming a representation of himself/herself through someone else's eyes that an individual builds his/her self-image.[41] Similarly, Morin, quoting Rimbaud ("*Je suis un autre*"), wrote that "there is always, in a subject's identity, the presence of an *alter ego*."[42] Furthermore, Mead explains that we create an image of a "generalized other" as we become members of social groups. In constructing this image, we rely on symbols, myths, traditions, and moral norms, reinterpreting them in the light of our personal experience and of ongoing communication with other members of society.

Thus, from my point of view, societal institutions are embodiments of these co-ordinated constructions of the generalized other. Obviously, the strength of that identity depends on the extent to which the order in question is experienced as an occasion of entering into meaningful rela-

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tions with others. For ideologues of the market order, economic institutions, voluntary contracts, property rights, etc., are perhaps more real than socially or politically defined communities. But for most people, the peer group, the city, the nation, a religious and/or ethnic group, or even the Great Society in its complex totality, are probably at least as, if not more, important. Therefore, the spontaneous orders so dear to Hayek, while autonomous and self-organizing, are profoundly dependent on the cultural, social and political organizations supporting them.

I concur with Hayek that the fundamental error of socialism is that it aspires to a quasi-medieval organic coherence which can hardly be recaptured. But his contemptuous treatment of the search for meaning in social relations *outside* of the purely private sphere as an atavistic longing for the simplicity of tribal communal life denotes a surprisingly reductionist and hyperrationalistic understanding of the life of the mind.[43]

A New Liberalism

Why is it important to pose the problem of the existence of something like a self emerging in *self*-organizing systems, even at the societal level? An awareness of the unity of the whole makes it possible to attempt to influence the evolution of societal complexes *from within*, as it were. The conception of evolutionary change as a self-balancing, recursive, internally directed process and its application to policy-making has been proposed by several authors who are known for their contribution to the development of the self-organization paradigm, notably E. Jantsch and E. Laszlo.[38] Even Hayek, in his more reformist mood, concedes that there is an alternative to the crude opposition between rationalistic design based on an illusory objective knowledge of socio-economic mechanisms, on the one hand, and passive submission to a glorified process of competition and evolutionary adaptation on the other. While it is simply not feasible to control complex societal systems, it still is possible to render more explicit, and to evaluate critically, the potentialities inherent in the information that a given societal order produces about itself. In this respect, it may be time to reconsider the very principles constitutive of liberalism. We need to ascertain the extent to which they are consistent with the original intent of liberal thinkers—whether, for example, the market order has become an end in itself, rather than a means for gaining new freedoms from, in the eighteenth century, mercantilist and absolutist rulers and, today, powerful administrative states.

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We also need to confront liberalism with new policy agendas that are the outcome of changes in the tacitly acknowledged rules of the political game as a result of the more visible role now played by once marginal communities (e.g., native peoples, single mothers, Christian fundamentalists, the "Greens," etc.). While new policy agendas are a source of new conflicts, they also create a new sense of what are the crucial issues of the day, and thus impart new symbolic representations, a new distinctive identity, to the political community as a whole. For example, the opposition to central controls and state management characteristic of liberalism could be reinterpreted as a decentralizing project whereby public resources are shared more widely by cities, school boards, and other local political authorities, but also by non-state actors such as self-governing Indian tribes, voluntary and professional associations, etc. This kind of comprehensive approach to "privatization" could be accomplished as an alternative to, or in conjunction with, a more market-oriented approach to public policy. Are Open Societies sufficiently open to post-modern trends?

Institutions, communities and societies bring together their members and, at the same time, reject outsiders. Admittedly, in the liberal Great Society, the *abstract* character of the rules of conduct renders these relations of inclusion/exclusion less coercive internally, and less outwardly threatening. (There have been, of course, examples of practical deviations from the norm, such as the practice of slavery and the institution of segregation.) However, the rationalized, impersonal definition of the "individual" upon which these rules are grounded makes it harder to related to others as "brothers/sisters" sharing a common humanity.

So what? Are there not enough examples of totalitarian regimes in which the theoretical brotherhood of all mankind—and here the omission of the other gender is probably justified—means, in fact, complete subjugation to Big Brother? Even Morin, who emphatically extols fraternity as an ideal that deserves to be espoused more intensely than ever, concedes that "it is not enough to be brothers to be brothers," citing the examples of Romulus and Remus and of Cain and Abel to dispell the sibylline ambiguity of this phrase.[45] But such a vision may be nearer to reality than it seems, not as a result of revolutionary activism or messianic fanaticism, but rather as an outcome of our evolving relationship with the biosphere, and of a spreading awareness of the vital importance of this relationship.

There are several dimensions to the biological context of societal self-organization. At the micro-level, a new understanding of the immensely complex physiology of the brain, and of the mind as an emerging order

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of process, has made great strides as a result of advances in a number of disciplines including neurobiology, cybernetics, Artificial Intelligence and ethology. These fascinating developments are obviously relevant to my topic. I do not wish to dwell on them, however, partly because their import is becoming more and more evident, and partly because I cannot claim any special expertise in these technical fields.

Technocratic vs. Deep Ecology

What follows is a brief discussion of the paradoxical dependent autonomy, as it were, of societal systems, and of economic activities in particular, within the biosphere. There are at least three levels at which such an analysis can be undertaken. First, there is the perspective of technocratic environmentalism. It perpetuates the Cartesian/Baconian attitude towards nature as an externality from which resources are extracted for the purpose of industrial production: whether the latter takes place within a market economy, a mixed economy, or a planned economy actually does not matter. Recognizing that there is a serious imbalance between the availability of some natural resources and the rate at which they are used, and recognizing that environmental pollution poses a deadly threat to human life as well as to renewable resources, environmentalism prescribes a mix of technological fixes and bureaucratic regulation. Technocratic environmentalism is the least radical of the three approaches discussed here. I venture that, had Hayek written more extensively on this topic, he would have been very critical of this orientation—and rightly so. Although it may be a necessary stance in the short term, it will lead eventually to a dead end. Either the range of powers granted to government regulators is sufficient to deal with the magnitude of today's problems, and the spontaneity of the social order will be lost; or only token gestures are made to appease public fears, and the spontaneous processes of natural self-renewal will be choked by the destructive tendencies inherent in the present use of inadequate technology and improper discounting of the value of future resources.

Technocratic environmentalism could be said to promote the unrealizable goal of "harmless economic growth." The second approach aims at "sustainable economic growth." It is predicated on a more far-reaching shift in values and theoretical analysis. More specifically, it faults Adam Smith for not realizing that the admittedly quaint agriculturalist bias typical of the French Physiocrats which Smith dismissed, although he owed an intellectual debt to the Physiocrats in other

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respects, was actually grounded in a perceptive comprehension of the dependence of economic production on natural cycles.[46] The rediscovery of this connection was achieved about two decades ago by Nicolas Georgescu-Roegen's study of economic activities from the standpoint of thermodynamics.[47] While his influence on economic theory has been rather limited, there is a growing body of literature on energy flows and, more generally, on the integration of societal functions in complex ecosystems. In this view, there are not technological fixes for technology-induced externalities. Rather, technology itself must be adapted to different ends. The self-organizing dynamics of natural processes and the self-organizing dynamics of societal processes are mutually dependent.

At the third level, the epistemological and ethical implications of the more empirical analyses carried out at the previous level are the object of an in-depth re-examination and reconstruction. This is the level of "deep ecology," or social ecology—some French authors prefer the phrase political ecology. It is far from being an ideologically coherent movement. While all contributors to this approach are critical of orthodox Marxism, some remain within the overall confines of the Marxian paradigm (e.g., Murray Bookchin). But ecological thought need not be antithetical to liberalism. Indeed, despite its radical orientation, social ecology is probably closer to the general direction of Hayek's work than any other stream of the environmentalist movement. The convergence is noticeable at the level of methodological assumptions about the complexity of living and societal systems, as well as at the level of the description of spontaneous processes of self-organization. And in practical terms, the political arm of this movement, namely the Green parties of Western Europe, have demonstrated a sometimes muddleheaded, but uncompromising, rejection of technocratic planning and state controls.

Nevertheless, the new ecological thought forces us to extend the meaning of spontaneous order further than Hayek has cared to. I would argue that this radicalization is justified by our newly gained ability to distort the spontaneity of living processes on an unprecedented scale. To recover the true import of the spontaneity of life without giving up either the search for scientific insights into the phenomena of life, or the benefits of technological innovation, necessitates (1) an epistemological transformation, and (2) a reform of many societal institutions, including the market order. This radical program does not entail, however, a renouncement of rationality—although it also aspires to a sense of immanent wisdom that sees reason *in* nature rather than outside of it. Nor does it advocate a nihilistic "deconstruction" of language and other products of social evolution; in this sense, it is not anti-Hayekian.

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A recurrent theme in deep ecology is the wholeness of the natural world. Post-modern men and women need to recover, and experience anew, the "primitive" sense of harmony between human societies and the biosphere. This reading of modernity as a loss of self-balancing spontaneity in the simultaneous organization of the human niche and of the human brain/mind's cognitive domain is arguably more in keeping with the logic of Hayek's vision than his own derisive allusions to the ways of "savages." But a beatific communion with the wholeness of life may not only be quite difficult to achieve and sustain, it may also be a limiting vision of the complexity of physical, biological and societal realities. Moreover, a strictly holistic approach may become irreconcilable with the egocentric, and thus necessarily disjunctive implications of the idea of spontaneous self-organization.

An original attempt at articulating an epistemology of complexity which would encompass both the ecological emphasis on wholeness and the individualism latent in the self-organization paradigm, can be found in Morin's recent writings.[48] For him, a singular emphasis on any global process (e.g., the biosphere) abstracted from the autonomous subjects who animate it and yet depend on it for their autopoiesis, conjures up the image of a whole which is less than the sum of its parts. The complexity that physics, biology and the social sciences are beginning to discern in their respective domains is precisely the manifestation of a dialectical tension between, on the one hand, autonomous subjects (admittedly differing in their degree of self-consciousness) and, on the other hand, their ecological interdependence. In these complex recursive processes one can see simultaneously and concurrently both noise and information flows, order and disorder, *kosmos* and chaos. Indeed knowledge cannot be divorced from the scientific observer/conceptualizer whose own subjectivity reveals a tension between brain and mind, myths and critical reason, his/her own egocentric pursuits and his/her institutional and cultural commitments (including a commitment to objective research). But it would be an oversimplification of Morin's thought to stress only his attention to unresolved contradictions between parts and wholes, and between the observer and reality. For he also shows that an emerging level of organized complexity is often itself both a spontaneous order vis-à-vis other organic unities and an internal ecological milieu. Besides, as I suggested above, the self of a self-organizing system is more like a hologram in which the identity of the self is experienced in relation to the rest of the organism, or in relation to other members of an animal or human society, than a self-contained monad. In other words, some of these contradictions are resolved spontaneously. And yet neither an

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exclusive preoccupation with unresolved tensions nor with holistic harmony is consistent with the experience of complexity. Morin does an impressive job of keeping all these strands together. In my view, Hayek's hold on some of these strands (e.g., individual freedom from coercion) is too tight, and of others (e.g., the deep ecology of societal spontaneous orders) too careless.

At a more practical level, the problem is to find ways of easing the transition to market rules that would be respectful of the integrity of the natural order. This implies, of course, that a more technocratic and authoritarian policy of environmental protection is rejected. Unfortunately, it may be that in the short run, state actors like the Environmental Protection Agency in the United States and its counterparts in other countries will have to resort more and more to coercive measures in view of the seriousness of some situations (e.g., pollution of the Great Lakes or the North Sea). Assuming, though, that this will not lead us too far on a new Road to (Ecological) Serfdom, diZerega points to an intriguing way out of our dilemma.[49] His suggestion is to distinguish property rights, in the plural, from the present undifferentiated notion of property as the basis of an almost absolute power over land, capital or consumer goods. "Relational" property rights would be exercised in accordance with rules formulated in the political arena, rather than being left entirely to the discretion of owner(s) unconcerned with their obligations to others. A new ecological consciousness could inform these rules so as to bring about more imaginative ways of living on this planet. For example, certain resources (e.g., uranium) could be made available only for some sort of leasing; the user of these resources would then charge the cost of recycling, or safely disposing of, the toxic residues to the original "owner," who would presumably have a strong incentive to include these costs in the price of the resource. Now, some toxic effluents cannot be stored (e.g., acid rain), and in an open, world economy, such a shift could not be achieved overnight. The point is, however, that the innovative design of hitherto unthought-of market incentives provides an alternative to government regulation. But a less individualistic approach to market mechanisms is required. In this respect, a relational approach to economic life, such as proposed by Geoffrey Vickers,[50] could suggest useful directions of research.

This is a matter of debate in the public arena: academia, think tanks, the media, legislatures, etc. Not to do anything is also a policy choice. Again, the spontaneous order of the market is not entirely spontaneous if, knowing the reasons and the extent to which it is spontaneous, we deliberately choose not to act in ways that would unsettle existing prac-

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tices, thus willfully preventing them from changing. We come back here to the difference between inherent purposiveness and externally applied controls.

NOTES

1. David Bohm and F. David Peat, *Science, Order, and Creativity* (New York: Bantam Books, 1987), 80–84.
2. F. A. Hayek, *Law, Legislation and Liberty*, vol. 1, *Rules and Order* (Chicago: University of Chicago Press, 1973), 36.
3. Roberto M. Unger, *Knowledge and Politics* (New York: The Free Press, 1975), 66.
4. *Ibid.*, 66–67.
5. Hayek, 14.
6. See Hayek's Postscript to *The Constitution of Liberty* (Chicago: University of Chicago Press, 1960).
7. See Hayek, *Rules and Order*, ch. 4, and his "Kinds of Order in Society," *The New Individualist Review* 3, no. 2 (1984):3–12.
8. Milan Zeleny, "Autopoiesis: A Paradigm Lost?" In M. Zeleny, ed., *Autopoiesis, Dissipative Structures, and Spontaneous Social Orders* (Boulder: Westview Press, 1980), 3–43. Jean-Pierre Dupuy also notes a close connection between Hayek's work and the theory of self-organizing systems; see his "L'Autonomie et la complexité du social" in *Science et pratique de la complexité—Actes du Colloque de Montpellier, mai 1984* (Paris: La Documentation Française, 1986), 293–306 (also published in English as *Science and Praxis of Complexity* [Tokyo: the United Nations University, 1985]).
9. See Zeleny, ed., *Autopoiesis, Dissipative Structures, and Spontaneous Order* and *Autopoiesis* (New York: North Holland, 1981); Erich Jantsch, ed., *The Evolutionary Vision* (Boulder: Westview Press, 1981); Ilya Prigogine and Isabelle Stengers, *Order out of Chaos* (New York: Bantam Books, 1984).
10. F. A. Hayek, *Law, Legislation and Liberty*, vol. 3, *The Political Order of a Free People* (Chicago: University of Chicago Press, 1979), 158.
11. These arguments are surveyed by Calvin M. Hoy in his *A Philosophy of Individual Freedom: The Political Thought of F. A. Hayek* (Westport: Greenwood Press, 1985), 45–47.
12. Hayek, "Kinds of Order in Society," 11.
13. F. A. Hayek, *Studies in Philosophy, Politics and Economics* (Chicago: University of Chicago Press, 1967), 22–42.
14. See Karen I. Vaughn, "The Constitution of Liberty from an Evolutionary Perspective" in *Hayek's 'Serfdom' Revisited* (London: Institute of Economic Affairs, 1984), 117–42.
15. Edgar Morin, *Science avec conscience* (Paris: Fayard, 1982), 190–202.

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16. Francisco Varela, *Principles of Biological Autonomy* (New York: Elsevier North-Holland, 1979), 3.
17. Karl Popper, *Objective Knowledge: An Evolutionary Approach* (London: Oxford University Press, 1972), 246.
18. See Conrad H. Waddington, *The Evolution of An Evolutionist* (Edinburgh: Edinburgh University Press, 1975).
19. Anthony Giddens, *Central Problems in Social Theory* (London: Macmillan, 1979), 24.
20. On this see John Gray, *Hayek on Liberty* (Oxford: Basil Blackwell, 1984), 200.
21. Hayek, *Rules and Order*, ch. 4.
22. Norman Barry, "Hayek on Liberty" in Z. Pelczynski and J. Gray, eds., *Conceptions of Liberty* (London: The Athlone Press, 1984), 281.
23. See Walter T. Anderson, *To Govern Evolution* (Boston: Harcourt Brace Jovanovich, 1987), 6.
24. Jean-Pierre Dupuy, "Totalization and Misrecognition" in *Violence and Truth*, ed. P. Dumouchel (Stanford: Stanford University Press, 1988), 100.
25. See S. C. Littlechild, "Equilibrium and the Market Process" in I. M. Kirzner, ed., *Method, Process, and Austrian Economics* (Lexington: Lexington Books, 1982), 85–102; Eamonn Butler, *Hayek: His Contribution to the Political and Economic Thought of our Time* (London: Temple Smith, 1983), 55–57; Roger W. Garrison, "The Kaleidic World of Ludwig Lachmann," *Critical Review* 1, no. 3 (1987): 77–89.
26. See William A. Brock, "Nonlinearity and Complex Dynamics in Economics and Finance" in D. Pines, ed., *The Economy as an Evolving Complex System* (New York: Addison-Wesley, 1988).
27. See Glendon R. Pullen, "Spontaneous Order in Open Systems: The Contributions of Ilya Prigogine and Friedrich Hayek," paper presented to the Society for the Study of Public Choice, San Francisco, March 1988.
28. Hoy, 122–23.
29. See Hayek, *The Political Order of a Free People*, Epilogue.
30. Hayek, *Rules and Order*, 46.
31. See L. Dobuzinskis, *The Self-Organizing Polity: An Epistemological Analysis of Political Life* (Boulder: Westview, 1987), ch. 4.
32. Gray, 120.
33. See Andrew Schotter, "The Evolution of Rules," in R. N. Langlois, ed., *Economics as a Process* (Cambridge: Cambridge University Press, 1986), 117–33.
34. Gus diZerega, "A Spontaneous Order Model of Democracy: Applying Hayekian Insights to Democratic Theory," paper presented to the Society for the Study of Public Choice, San Francisco, March 1988: 22.
35. J.-P. Dupuy, "L'Autonomie et la complexité du social," 304 (my translation).
36. See Hayek, *The Political Order of a Free People*, ch. 14.

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37. See Stanford Borins and B. Boothman, "Crown Corporations and Economic Efficiency" in D. G. McFetridge, ed., *Canadian Industrial Policy in Action* (Toronto: The University of Toronto Press, 1985).
38. See Dobuzinskis, 172.
39. See R. N. Langlois, "The New Institutional Economics: An Introductory Essay" in Langlois, ed., 1–25.
40. Hayek, *The Political Order of a Free People*, 155–58.
41. See George H. Mead, *Mind, Self and Society* (Chicago: University of Chicago Press, 1934), 138–39.
42. Edgar Morin, *La Méthode: La Vie de la Vie* (Paris: Le Seuil, 1980), 271 (my translation).
43. See F. A. Hayek, *Law, Legislation and Liberty*, vol. 2, *The Mirage of Social Justice* (Chicago: University of Chicago Press, 1976), ch. 11.
44. See Erich Jantsch, *Design for Evolution: Self-Organization and Planning in the Life of Human Systems* (New York: Braziler, 1975), and Ervin Laszlo, *Evolution: The Grand Synthesis* (Boston: New Science Library, 1987).
45. Morin, *La Méthode: La Vie de la Vie*, 442.
46. A similar argument can be found in René Passet, *l'Economique et le vivant* (Paris: Payot, 1979), ch. 2, and in Fritjof Capra, *The Turning Point: Science, Society and the Rising Culture* (New York: Simon & Schuster, 1982), ch. 7.
47. See Nicolas Georgescu-Roegen, *The Entropy Law and the Economic Process* (Cambridge, Mass.: Harvard University Press, 1971).
48. The first volume of Morin's *La Méthode* (vol. 1: *La Nature de la Nature*) was published in 1977; the third of a projected total of (at least) four was published in 1986. While his work has been widely translated in Italian, there are few English translations of his production including: "Complexity," *International Social Science Journal* 26 (December 1974):555–83; "Self and *Auto*" in Zeleny, ed., 1981; "Social Paradigms of Scientific Knowledge," *Sub-Stance* 39 (1983):3–20; and "Beyond Determinism: The Dialogue of Order and Disorder," *Sub-Stance* 40 (1983):22–35.
49. Gus diZerega, "Green Politics and Post-Modern Liberalism," *Critical Review* 1, no. 2 (1987):35.
50. See Geoffrey Vickers, *Freedom in a Rocking Boat: Changing Values in an Unstable Society* (Penguin, 1970).

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Norman P. Barry

THE LIBERAL CONSTITUTION: RATIONAL DESIGN OR EVOLUTION?

In recent decades liberal political philosophy has become increasingly concerned with constitutionalism and law. Liberal theorists seem to be less interested in drawing pictures of ideal free orders based on private property, markets and rights, than in engaging in a more or less constructivist exercise of designing an appropriate set of rules for the coordination of actions of individuals with necessarily different ends and interests. Legitimacy is then a function of rules and procedures rather than being derived from a substantive individualist moral and political doctrine. This new emphasis in liberal thought is nicely encapsulated in the current distinction between "end-state" and "procedural" analyses of political phenomena. End-state models of society, which capture some intrinsically desirable state of affairs (such as a "socially just" distribution of income), are thought to be ethically flawed because implicitly they license the imposition of such end states on individuals with divergent ends and interests. Procedural theories, because they are silent about the desirability of end states, permit a variety of differing states of affairs to emerge from the following of general rules. Paradoxically, it follows from this that in certain circumstances a nominally "liberal" social and economic order is condemnable on *liberal* grounds if its existence comes about through a breach of procedural rules or is imposed on

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a non-liberal status quo. According to liberal proceduralists, the major intellectual task of individualist political theory is to identify liberal procedural rules and show how they can be vindicated.

I suggest that the liberal interest in constitutionalism has come about for three reasons. A practical reason is that the development of modern liberal democracy, a form of polity in general approved of by classical liberals in the last century (e.g. James Mill),[1] has proved to be disappointing to individualists. The original fear of liberal skeptics of democracy, that it would produce a "tyranny of the majority" which would destroy property rights and personal liberties, has not in fact materialized. However, property rights (and to a lesser extent, personal liberties) have been compromised by democracy: notably through the emergence of group politics and the failure of purely self-interested action to generate the public interest (i.e. the interest each individual has as a member of an organized community).

A philosophical reason for the emphasis on constitutionalism emanates from the contemporary association between liberalism and subjectivism in ethics. For the liberal who stresses individual choice as the essence of his creed there can be no way of adjudicating between incommensurable choices: no objective natural law that validates private property or any other feature of the litany of classical liberalism. This perhaps may be better described as *methodological* liberalism rather than substantive political liberalism, since its philosophical presuppositions restrict the use of the term to describe any political and economic order that emanates from choice. The intellectual ancestor of this liberalism is, of course, Hobbes, and the exponents of this methodology, notably James Buchanan[2] and David Gauthier,[3] continue his aim of deriving moral principles to govern political conduct from essentially non-moral phenomena.

Constitutionalism is important to a subjectivist since its rationale is *agreement*: political legitimacy is a function of people's agreement to follow rules, even if their application should harm them in some immediate utilitarian sense. In complex modern societies characterized by the absence of a hierarchy of values, it is thought that individuals can only be held together by abstract rules about which there can be some consensus. As Buchanan says: "Truth, in the final analysis is tested by agreement. And if men disagree there is no truth."[4] In his view, disagreement about ends is inevitable, whereas about constitutional rules it is avoidable.

A final reason for the prevalence of constitutional thinking by classical liberals is the switch in emphasis from ideas to group processes as the

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causal determinants of social and political events. Historically, liberal thinkers, despite their stress on self-interest as the prime motivating force in human affairs, have paid tribute to the potency of ideas: either believing that intellectual elites would predominate over vested interests (the opinion of Keynes and the early Hayek) or that the "masses" could be persuaded of the virtues of liberalism. In this view of the world, constitutional reform was less important than the propagation of correct principles. However, the emergence of group politics, and the explanation of this in terms of rational self-interest, has cast serious doubt on the possibility of ideas influencing events in any decisive fashion.[5] It is for this reason that liberal constitutionalists recommend the rational design of rules in order to contain the harmful effects of an all-pervasive self-interest. Because the corrosive effect of pressure-group politics on impartial rules of law is so great, institutional procedures to prevent this process will have to be designed; and this would seem to necessitate a much more active role for reason than is apparent, for example, in Hayek's social philosophy.

Constitutions, Positivist vs. Negativist

Before we can analyze the intellectual foundations of the liberal constitution, some preliminary observations on the concept of a constitution are required. At its simplest the idea is that a constitution confers authority on political decisions by reference to a standard that is external to the volitions of political actors. Its existence converts *power* relationships into *authority* relationships. It also means that we can evaluate political actions as "right," "wrong," "fair," "unfair" and so on, although it is by no means the case that such adjectives are used necessarily in a universal moral sense. Nevertheless, to describe actions in constitutional terms is to admit the possibility of their *rational criticism*, whereas to describe them in terms of power is to make implicitly a *predictive* judgment about their success or failure.

To make a constitutional judgment, however, is only the first stage of rational criticism in politics, since it is always possible to make further evaluative judgments about action—judgments which transcend the principles of legitimacy embedded in an established constitutional procedure. *Liberal* constitutionalism proposes such a substantive set of principles; in this respect there is an inherent tension between liberalism and the neutralism of constitutions. As we shall see, evolutionary theories of constitutionalism, like Hayek's, which are among the most neutralistic

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of such theories, disable the human mind in the making of these "second-stage" substantive judgments by diminishing the role of reason in political affairs. Constitutionalism may then disintegrate into a type of *conventionalism* in which statements about "lawfulness" are limited and constrained by the prevailing set of arrangements. Not all constitutions are liberal ones.

Hayek, in *Rules and Orders*, provides a good starting point for the definition of a constitution:

> A constitution is essentially a superstructure erected over a pre-existing system of law to organize the enforcement of that law. Although, once established, it may seem "primary" in the logical sense that now the other rules derive their authority from it, it is still intended to support these pre-existing rules. It creates an instrument to secure law and order and to provide the apparatus for the provision of other services, but it does not define what law and justice are. It is also true . . . that "public" law passes but private law persists.[6]

Thus, according to Hayek a constitution does not contain substantive rules of law but abstract and, in principle, neutral rules which determine the limits of legislative and executive action. But in reality constitutional rules are not always entirely neutral; some may contain specific prohibitions (e.g. the prohibition on divorce in the 1937 Constitution of Eire) and protections (e.g. property, freedom of speech, etc.) which are insulated against normal legislative processes. Whether substantively liberal principles should be embodied in a constitution that is entirely neutral and simply consists in procedural rules of varying degrees of strictness, or whether those substantive principles should be directly protected is a difficult problem, for any prohibition on certain types of change attenuates choice, which is the basic feature of (at least) methodological liberalism. Yet neutral constitutional rules, procedures that theoretically permit any outcome or end-state, will have to be remarkably narrow if they are to prevent the destruction of personal liberty. The rules of the British "constitution," embodying the sovereignty of Parliament and majoritarianism (albeit a highly inconsistent and flawed form), are strictly neutral, yet because of their laxity, it would not be implausible to deny them the appellation "liberal."

However the liberal constitution is structured, either as a set of substantive rules protecting a fully-fledged individualistic political morality or as a set of neutral but rigorously strict procedural rules, it is to be distinguished from some kind of engineering mechanism, or transmission belt, for translating individual choices into collective decisions. This

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mistaken idea of a constitution is prevalent in much of contemporary welfare economics, especially in the work of Arrow[7] and his followers. Here, the search is apparently for some consistent rule, such as the majority-rule procedure, which will reflect, without contradiction or paradox, the preference orderings of individual voters in public decisions. (However, it can easily be shown that, in the absence of unusual circumstances, where three or more voters rank three or more alternatives, "cycling" will occur; that is, no determinate decision will be reached). Despite its individualistic foundations, and the use of the word "constitution" in its formulation, this is not a theory of *liberal* constitutionalism. The reason is that a liberal constitution is not "designed" to implement the people's choice but to impose significant constraints on government, whatever form it takes (majority rule or otherwise).

The point of liberal constitutional law is that it is not part of *ordinary law*; indeed, it may be legitimate to deny it the title of "proper" law. Law is a set of (more or less) *predictable* rules for the governing of relationships between individuals. Its existence, as Hayek says, is prior to constitutions. Indeed, historically constitutions have had a precarious and insecure existence compared to the long-term stability and security of legal orders, be they common law systems or codes. Germane to the liberal theory of constitutionalism, then, is a conceptual distinction between law and state. Although a legal system (even an enduring one) may in the modern world require "public" law for its enforcement, this is surely a contingent fact rather than a necessary feature.

Natural-law liberal theorists would therefore posit a jurisprudence in which, theoretically, the validity of a legal rule does not depend upon its authorization by some higher constitutional (positive) "law." In contrast, all positivist jurisprudence, from the theory of law in terms of the sovereign's "commands" through to Kelsenian *Grundnorms* and Hartian rules of recognition, implicitly denies that legal rules can be valid independently of what are, in effect, extra-legal rules and institutions. It is those extra-legal processes which have done much to undermine the liberal order, whether they be in the form of the allegedly rigid Constitution of the U.S. or the flexible parliamentary system of the U.K. Hayek puts the case, in *Rules and Order*, for the liberal theory of law with his comment that approval "by the rules of recognition would not alone confer on the pre-existing law its validity."[8] Legal validity, as he argued in *The Mirage of Social Justice*, is a product of the internal structure of a legal order. (It is, however, true that the only other prominent jurist to view a legal process in this way is Ronald Dworkin,[9] whose jurisprudence is far from being liberal in the classical sense.)

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The liberal objection to positivist constitutional jurisprudence is that since it makes the validity of law depend, ultimately, on some *political* process, it is likely to compromise the intellectual integrity of law. This is especially true of democratic regimes. Instead of a constitution being merely a set of rules to limit government—perhaps to the supply of genuine public goods—it becomes an instrument to validate *all* changes in law. Thus the Common Law in the U.K. is alterable by statute, as is the Napoleonic Code in France. Modern constitutions, of course, vary in the way restraints are imposed on a too-rapid amendment of legal rules, but since they do make validity ultimately turn upon politics they pose a threat to the ideal of a private-law society. It is this possibility—that constitutionalism itself contains the seeds of the destruction of the liberal order—that gives the anarcho-capitalists some intellectual credibility, despite the impracticability of their alternatives to constitutionalism.

The problem of the classical liberal who accepts a limited state and therefore the necessity of public law, is to describe a form of constitutionalism which prevents the gradual disintegration of private law and its replacement by public law.

Hayekian Jurisprudence

The political philosophy of Hayek represents most emphatically the evolutionist and anti-rationalist explanation of institutions. However, contemporary critics have suggested that there is a clear inconsistency in his thought between his general explanation of social order as being spontaneous and his specific constitutional proposals for Western democracies: these latter seem to have, superficially at least, a constructivist ring about them. His suggestion of a division of legislative powers between one assembly charged with the making of rules of just conduct (those legal phenomena necessary for the servicing of a market order) and another responsible for public law (the rules required for the delivery of essential government services), does undoubtedly recognize traditional types of law, but the arcane nature of those institutional arrangements suggests a much more rationalistic analysis.[10] Indeed, since constitutional law would appear to be qualitatively distinct from ordinary law, in that it is not concerned with the relationships between individuals but with the organization of government, it is difficult to conceive of it developing in a spontaneous manner.

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Hayek's modest epistemology is obviously much more appropriate for the explanation of orders which are subject to constant change. The market order, or *catallaxy*, is the prime example. On grounds of efficiency (the coordination of economic activity), the actions of decentralized agents guided by the signals of the price mechanism are to be preferred to the commands of centralized planners precisely because no such agency would have the requisite knowledge of constantly changing economic conditions needed to bring about coordination. To plan effectively would require the ability to predict accurately the future, and since the future is a product of the *subjective* choices of individuals, this is an epistemological impossibility. The familiar laws of economics are not nomothetic laws from which quantitative predictions can be made but natural constraints on all actors in an evolutionary economic process (in Lord Robbins's phrase, they are the "necessities to which human action is subject").

In an analogous manner Hayek prefers the Common Law system to written codes for the efficient legal servicing of a social order[11] (although in *The Constitution of Liberty* he seemed to be indifferent between these two types of juridical organization). Again, the argument is epistemological. Because of the richness, complexity and unpredictability of life in the Great Society, it would be impossible to capture in a single code the rules that are required for its efficient mode of operation. The illusion that this is possible is itself a product of the very same constructivist epistemology that characterizes "engineering" economics, which presupposes that knowledge can be "objectified." In Hayek's jurisprudence the key distinction is between "articulated" and "non-articulated" rules.[12]

This distinction derives directly from an epistemology made familiar by Oakeshott and Polanyi (among others). It is specifically directed at that form of rationalism which presupposes that the only form of genuine knowledge is that which can be expressed in propositional form. Such a rationalism ignores what Polanyi called tacit knowledge. He argues that knowledge

> as set out in written words, or mathematical formulae, is only one kind of knowledge; while unformulated knowledge, such as we have of something we are in fact doing, is another form of knowledge.[13]

In relation to jurisprudence, this means that the rules of law contained within a statute can never cover all cases: the judicial decision can never be predicted in a mechanical fashion.

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Of equal importance is the fact that modern constitutions have a tendency to confer absolute powers on legislatures (although it should be stressed that Hayek's strictures here have a greater relevance to British conditions than, say, those in the U.S.). Since the statutes emanate from legislatures motivated by political rather than "legal" considerations, they are unlikely to provide law in the form of impartial rules.

In Hayekian jurisprudence the "statute" is often irrelevant, since judges make use of non-articulated rules to decide difficult cases. In the evolution of a legal system (as exemplifed by the English law of contract), much depends upon judicial activity itself, which can be described as a kind of puzzle-solving; this activity depends upon a special kind of intellectual (rather than scientific) skill. As A. W. B. Simpson put it: "In the Common Law system no very clear distinction exists between saying that a particular solution to a problem is in accordance with the law, and saying that it is the rational, fair or just solution."[14] In a necessarily uncertain world, Hayek undoubtedly believes that the tacit knowledge drawn upon by judges is likely to make for better coordination of human action than the rational designs of legislators—even if the latter were not motived by political considerations (as they are in competitive party democracies). It is not the case that "reason" can tell us whether judge-made law is superior to statute law but, rather, that since the construction of a statutory code depends *solely* on reason it is defective precisely because human reason is a fallible instrument.

Thus in Hayekian jurisprudence, the validity of a purported claim to law does not depend upon its consistency with a "rule of recognition" or some constitutional or meta-legal principle, but on whether it can be universalized in an ongoing legal order;[15] for if a legal rule cannot be universalized and hence made appropriate for future unknown cases, it cannot function as a guideline for participants in the Great Society. However uncertain and unpredictable the Common Law may be, the Hayekian claim is that it is more predictable than the utterances of transient legislatures. The constant changes in the law generated by British parliaments are a casual empirical tribute to Hayek's views.

The structure of a legal order that emerges from an evolutionary process is ontologically a product of individual decisions yet it is not, as a coherent whole, a product of choice. In methodological terms it is therefore distinct from those individualistic orders that are described in post-Hobbesian liberalism. Hayek is an avowed methodological individualist, but it is difficult to see how "invisible hand" explanations of aggregate social orders are *directly* translatable into individual volitions, as contemporary social contractarianism implies. Thus Hayek rejects

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that individualism which explains all order in terms of choice and calculation. With regard to morality, Hayek writes: "Ethics is not a matter of choice. We have not designed it and cannot design it."[16] Law would appear to be little different.

From a liberal point of view, there are obvious problems with the Hayekian explanation of law. These derive from the fact that the connection between spontaneous orders and liberal societies is a contingent one. Although it is a very strong connection it is easy to show how it breaks down: many social systems, especially those based on religion, are not the product of a designing mind yet do not exhibit those features of freedom and decentralized decision-making which are essential for prosperity and progress (and Hayek does regard progress, in some vague, indirect-utilitarian sense, as his ultimate political criterion). Again, a more extreme liberal would regard an injunction to limit severely the use of reason in the appraisal of legal orders as a serious threat to liberty. Hence, a constitution for him must be a contrivance, based on some form of consent, to constrain the haphazard growth of institutions. If it is a genuine liberal constitution it will contain specific, "articulated" rights.

Furthermore, while the uncertainty of an undesigned system may appear harmless enough in comparison to the caprice of legislatures, it contains problems uniquely its own. This can be illustrated by a brief comparison between Hayek's and Dworkin's jurisprudence, the similarities of which have been rarely commented on. For surely Dworkin's argument for "principles" which are immanent in a legal system, and which have to be invoked in "hard cases,"[17] is on all fours with Hayek's case for "non-articulated rules." Like Hayek, Dworkin distinguishes between legal principles and public policies; the former contain those "rights" which can always "trump" public policy. Again like Hayek, Dworkin does not locate validity in a "rule of recognition" but in the interstices of a legal system itself. Dworkin is very much a Common Lawyer in the sense that he regards judicial activism as a logically necessary feature of a legal order; yet it is an activism that, in searching for the "right" decisions, produces a set of legal principles that are, in some important senses, quite alien to the liberal-individualist property rights tradition.

If we look briefly at British constitutional history we can see the difficulties in Hayek's approach. It may well be true that the Common Law principle which holds that a person is free to perform any action which is not forbidden by a statute or prior legal ruling, may in fact permit more liberties than could a code which specifies liberties. This

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would follow from Hayek's anti-rationalism. A tradition which is allowed to develop in a spontaneous manner generates a greater variety of legal rules than could an unaided mind; and it is certainly the case that many problems of "negative" externalities could be solved by individuals negotiating within these rules rather than by statute.[18] Yet British legal history from the mid-nineteenth century onwards has been one of the persistent and ineluctible erosion of the Common Law by statute. And the principle that the Common Law is subordinate to statute emerged by the very same evolutionary processes that Hayek so admires.

The idea that Parliament is sovereign has no specific authoritative force (how could it have?); it just came about that Common Law judges, perhaps unaware of the uses to which the doctrine could logically be put, accepted that they were incompetent to review (substantively) a statute for its validity. Whatever written, formal authority this doctrine has derives, if anything, from a famous textbook written by Lord Dicey. It might plausibly be suggested that what the Common Law judges have granted they may very well take away, but the doctrine is now so well embedded in British custom and tradition that its demise can only come about by some constructivist design rather than by evolution.[19]

In the past, British legislators were undoubtedly inhibited from disturbing the delicate and complex structure of the Common Law by "internal" constraints: feelings of obligation towards the maintenance of prevailing standards of legality which are not expressible in words. There was a "constitutional attitude" which made it unnecessary, and probably counter-productive, to devise formal constraints. However, this no longer holds; a radically different idea of constitutionalism has emerged, i.e. the "Arrowian" type which interprets a constitution as a decision-rule for deriving collective choices from individual preferences through a voting mechanism.

Hayek is of course keenly aware of the erosion of the Common Law and of the threat to liberty and the rule of law that the existence of modern sovereign legislatures poses. Hence his arcane and perhaps bizarre proposals for a new "separation of powers." It should be stressed that despite their complexity and apparent remoteness from reality, his constitutional proposals do highlight the problems inherent in all modern Western systems of government. For it is clearly not enough for a liberal constitution to separate executive from legislative power: the real danger has been the concentration of the latter in the same hands. Since modern positivists from Bentham on tend to see all law as being of the same type, it is not at all surprising that they should conceive of it as

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emanating from one institution. In Hayek's bicameral legislature, public law, i.e. those rules designed to bring about the necessary plans of government, is passed by a conventional democratically elected House, but it is constrained by the rules laid down by an upper chamber (rules that prescribe the form in which legislation should be cast). The upper house is elected by a different procedure: one designed to ensure the representation of (non-partisan) citizens of wisdom, age and judgment.

This has been criticized as an exercise in constructivist rationalism, mainly because the details of the institutional arrangements seem to owe only a little to concrete historical experience. However, this is misleading. As I have suggested, the principles that underlie the Hayekian "liberal constitution" are entirely consonant with the principles of traditional liberalism as Hayek understands them. The particular forms he describes are in a sense metaphorical: designed to alert the reader to mistaken constitutional forms and to show how *critical* reason can be used to correct them.

Furthermore, there is an additional reason why Hayek's constitutional proposals may be regarded as non-rationalist. This is that there are no *substantive* limitations on what legislatures may do, only strict procedural ones. Indeed, the reforms, radical though they sound, are quite consistent with his doctrine of the rule of law. This doctrine has always been Hayek's criterion for the legitimacy of state action. Thus it is the manner and form of legislation which is decisive, not its content. For example, taxation is never regarded by Hayek as illegitimate (e.g. on natural-law grounds), and human reason cannot prescribe an exact limit on the amount of tax that a government may levy. All that is precluded would be a *progressive* income tax, since this necessitates the unequal treatment of individuals. The same goes for all the other features of the traditional litany of liberalism.

Despite much criticism from libertarian rationalists, all of this is quite consistent with Hayek's epistemology. For the construction of a rigid constitution with unalterable features would be to suppose a kind of omniscience on the part of constitutional designers. It would be to suggest that fundamental law could be made appropriate permanently for human societies, when in fact these entities are subject to never-ending change and uncertainty. Of course by admitting some flexibility Hayek opens up the possibility that circumstances might well arise which would endanger the liberal order. Coalitions or pressure groups might, conceivably, capture both houses of Hayek's bicameral legislature, or a clear anti-liberal majority might emerge. However, in such circumstances would written bills of rights be any more effective?[20]

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others. One implication worth pointing out is that basic law in rational design theories should be more or less *unalterable*. This emanates from the distrust that rational designers have for judge-made law—a law that strictly speaking emerges without consent. Implicit in Buchanan's social philosophy[22] is a mechanical jurisprudence in which the judiciary should enforce agreed-on law; the content of law must emanate from the subjective choices of the people. In his contractarian model, basic law to establish government (and validate property titles) has to come from unanimous consent, and ordinary law (mainly to provide public goods) comes from something less than unanimity (but it is still a product of subjective choice). Law discovered (or created) by the judiciary in a Hayekian manner is far from being considered "objective." In fact, since *all* claims to law and morality are necessarily subjective, the opinions of the judiciary have no greater claim to "truth" than any others.

No doubt the views expressed here gain practical support from the experience of the U.S. judiciary. In the twentieth century especially, U.S. courts have not mechanically enforced agreed-on law, but have been active in law creation, and with the flimsiest rationales of consent. Rational constructivists of a classical liberal persuasion would claim that evolutionary law, which accords considerable autonomy to the judiciary, is just as likely to eventuate in statist legal orders as in free ones. This is perhaps why classical liberals have preferred constitutional amendment for the protection of liberty to the random processes of legal evolution.

There is, moreover, an important *theoretical* difference between evolutionary constitutionalism and rational-design constitutionalism. The evolutionist view, especially that of Hayek, presupposes that since society develops in an unpredictable manner one cannot know what particular rules and procedures are appropriate without a continual experimental process in rule-making. The fixing of rigid constitutional rules derived from fallible subjective choice, and protected against change by the demands of some version of the unanimity principle, imposes "efficiency" costs of a very high order on a community. One might almost say that the rational constructivists' rigid constitution is a political analogue of general equilibrium in neoclassical economic theory: an attempt to freeze a particular pattern of political arrangements on a human society characterized by change and diversity. It is Hayek's quasi-utilitarian lust for progress which sanctions an element of flexibility in constitutional development.

The feature of Buchanan's constructivist social philosophy which makes his constitutionalism necessarily rigid is his (not elaborated upon but, nevertheless, ever-present) *deontological* ethics. He writes, "In my

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view, democratic values must be founded on the basic Kantian notion that individual human beings are the ultimate ethical units."[23] Thus all the advantages that may accrue from an evolutionary constitutional process are illegitimate to the extent that they involve the violation of the subjective choices of individuals. Buchanan is consistent enough to condemn as a violation of the Kantian principle any movement from an illiberal status quo towards a freer society that comes about without agreement. It is this principle that ultimately underlies Buchanan's "second stage" of constitutional evaluation.

Nevertheless, it might still be thought that all these considerations constitute a distinction without a difference; after all, Hayek's ideal constitution, too, makes alteration of the structure of law procedurally difficult. However, its purely formal nature (no substantive legal rule is rigidly fixed) does allow change to take place much more easily than is the case in the more overtly constructivist/subjectivist models. The very notion that order is a product of evolution and not human reason, and therefore derives its legitimacy from something other than conscious appraisal, precludes restricting its development by rules derived from purely subjective choice.

The differences between evolutionary and rational-design varieties of constitutionalism reflect two rather different ways of understanding society. The evolutionary approach interprets a social structure of regularities as a phenomenon which cannot be reduced to subjective choice. We inhabit social orders which are not of our own making, and to suppose that they can be made and re-made is to attribute a greater role for reason in human affairs than is at all conceivable. In this view, individualist contractarian models based on subjective choice are guilty of the same hubris as their collectivistic counterparts.

A purely evolutionist approach is defective if it ignores the fact that public decisions are made by individuals whose behavior can be analyzed with the same calculus as that used to understand private market behavior. If this is so—and Hayek's later writings certainly indicate that he now believes it to be—then that structure of public rules required to service a market system and free order will have to be (at least) in part consciously designed if harmony is to be sustained. The blind forces of evolution produce too many Prisoner's Dilemmas to be reliable guarantors of constitutional stability.

Such a redesign can be achieved without greatly disturbing the structure of general rules that govern private action. In fact, it is the failure to design effective constitutional rules that has allowed the erosion of traditional rules to take place. It is an erosion largely brought about by

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constitutional deficiencies that permit too much power to elected legislatures. A future liberal constitutional research program should be directed towards both the revitalization of "constitutional thinking" (in an age of political science hitherto dominated by behavioralism) and the reconciliation of the competing claims of evolution and design in understanding the logic of a system of public rules.

NOTES

1. James Mill's *Essays on Government* (1824) is a particularly crude example of the combination of Hobbesian sovereignty and majority rule.
2. James M. Buchanan, *The Limits of Liberty* (Chicago 1975) and *Freedom in Constitutional Contract* (Texas 1977).
3. David Gauthier, *Morals by Agreement* (Oxford 1986).
4. Buchanan, "Student Revolts, Academic Liberalism, and Constitutional Attitudes," in *Freedom in Constitutional Contract*, 113.
5. See Norman P. Barry, "Ideas versus Interests: The Classical Liberal Dilemma," in Barry, *et al.*, *Hayek's 'Serfdom' Revisited* (London 1984), 44-64.
6. F. A. Hayek, *Rules and Order* (London 1973), 135.
7. Kenneth Arrow, *Social Choice and Individual Values* (New York 1951).
8. Hayek, 135.
9. Ronald Dworkin, *Taking Rights Seriously* (London 1977).
10. For details see Hayek, *The Political Order of a Free People* (London 1979), ch. 17.
11. Hayek, *Rules and Order*, ch. 4.
12. *Ibid.*, ch. 5.
13. Michael Polanyi, *The Study of Man* (Chicago 1959), 59.
14. A. W. B. Simpson, "The Common Law and Legal Theory," in Simpson, ed., *Oxford Essays in Jurisprudence*, 2nd ser. (Oxford 1972), 79.
15. See Hayek, *The Mirage of Social Justice* (London 1976), ch. 8.
16. Hayek, "Three Sources of Human Values," postscript to *The Political Order of a Free People*, 167.
17. For a discussion of this, see Barry, *Hayek's Social and Economic Philosophy* (London 1979), 97-98.
18. See Ronald Coase, "The Problem of Social Cost," *Journal of Law and Economics* 1 (1960):1-44.
19. Britain's entry into the E. E. C. has slightly dented the "Dicey" doctrine of sovereignty. It is apparent that in cases of conflict, the courts will uphold European law over domestic law. Also, there is a growing (evolutionary?) acceptance of the decisions of the European Court of Human Rights as binding on political actors.
20. See John Gray, *Hayek on Liberty* (Oxford 1984), 125-29.
21. Buchanan, *The Limits of Liberty*, 167.
22. See *ibid.*, ch. 5.
23. Buchanan, *Freedom in Constitutional Contract*, 244.

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Anthony de Jasay

IS LIMITED GOVERNMENT POSSIBLE?

Man is born free, and everywhere he is in chains. . . . How did this change take place? I do not know.

The famous opening passage in Rousseau's *Social Contract* is implicitly asking both why man is governed, and whether his subjection to government is legitimate. Social contract theory has since developed a fairly coherent answer. Its premise is that there are benefits—of which civil order is the arch-example—which men can enjoy without making a contribution to their production. Since under these circumstances no one has an incentive to contribute, no benefit could be produced unless the necessary contributions were extracted by the threat of superior force. However, if all would rather contribute and benefit—for example, maintain order by obeying the rules and pay to help make everybody else obey them—than not contribute and have disorder, then submission by all to the threat of force is morally equivalent to unforced, free choice. No matter how and why it took place in actual fact, submission is legitimate because it would have been rational to arrange it by voluntary contract.

The binary alternative—government or no government—raises neat questions and allows simple answers. It presents the normative and the descriptive aspect in apparent harmony: government ought to exist, and it does. The continuous alternative—not *whether* government, but *how*

The author's books include *The State* (Blackwell, 1985) and *Social Contract, Free Ride* (Clarendon Press, 1989).

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much?—defies that simple logic of unanimous preference. It involves at least three difficulties:

(1) Some members of society may prefer more government than others. Hence it is impossible to state the "collectively" preferred alternative without weighing various persons' contradictory preferences against one another. If this is deemed an inadmissible manner of making a descriptive statement of fact, one cannot even say how much government society wants.

(2) Arguments, validly derived from various commonly agreed values, can be found in favor of both more and less government. It is impossible to settle the normative issue—how much government ought society to have?— without ruling out conflicting values or, at least, without trading off pro and con arguments against each other *in some way that must depend on somebody's judgment*. Thus, no answer to the question of how much government can be free of charges of arbitrariness.

(3) Worst of all, there may simply be no practical means by which society can adjust the actual size of government to what it "really" prefers or what it "ought" to have (assuming that one or both of these stipulations can be given an acceptable meaning). In the light of secular experience, it is very much an open question whether the size of government is really the product of an ascertainable "social preference," existing independently of the government whose size it ought to determine. For all we know government may be cause rather than effect.

It may indeed be the case that, to paraphrase Rousseau, man is born with a desire for minimal government and everywhere he keeps creating maximal ones.

Who Chooses for Whom?

An isolated individual is by definition sovereign over his choices among all feasible alternatives. They involve him alone, and no one else gains or loses by what he decides. In social life, he can still remain sovereign over choices involving him and others, as long as their interactions, generating mutual advantage, take the form of voluntary exchanges. If a society based only on pure exchange existed, it could have no politics: authority and subordination would be redundant.

The irreducible essence of political society is that certain alternatives are chosen for many individuals together; an individual may or may not participate in the making of these choices, but in any case he is not sovereign over them. This may be so as a matter of historical fact (such is

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the point of departure of positive theories of groups, of the state and of public law), or because man in society must be commanded and coerced in the spheres where reliance on voluntary exchanges alone would bring about inferior outcomes (such is the approach of normative theories of public goods). Thus, compulsory military service can be regarded either as the (ontological) result of legislation and its enforcement, or as the (teleological) countermeasure against the perverse incentives surrounding national defense, which makes voluntary service irrational and would leave the nation defenseless.

Decisions over which the individual is not sovereign are "collective" in the sense that they are made *for* him and others similarly placed in his group or society. They may also be collective in the much more complex and contestable sense that they are made "collectively" *by* the set of persons concerned. The first sense is always applicable to collective decisions, the first and the second together only in particular political systems. According to this criterion, we can distinguish two versions of the social contract and two kinds of political system.

The Old Social Contract

The first (and historically older) kind operates as if there were an implicit contract between two holistic entities, "government" and "people." The former may be embodied in a tribal chief, a council of elders, a monarch or, more informally, in an oligarchy such as ruled over Renaissance Venice, Whig England or the Soviet Union. Government is a person or a body, sovereign over and distinct from the society to be governed.

The contract between government and people, whether inspired by custom, precedent, divine right, pragmatic calculation or utopian ideology, provides for some frontier, or at least for guidelines to draw it, between matters decided by the government and matters left to private choice, with an intermediate area over which corporative orders, associations and non-sovereign authorities exercise limited decision rights.

The frontier between government and society, wherever it is drawn, is stable if their implicit contract is enforceable or if it is self-enforcing. It might be best to look at these notions in the context of examples.

Post-Carolingian government for three or four centuries rested, if at times uneasily, on a tacit contract between king and feudal orders. Each tried, from time to time and with fluctuating success, to enlarge its decision rights at the other's expense. The king sought to push forward

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the limits of royal sovereignty; the prelates of the church, the great landholding families and the towns, in kaleidoscopic alliances, were pushing back, protecting and when feasible widening their "liberties" and privileges. Pushing too hard, on too broad a front, was a breach of the social contract. Such breach was far from riskless, for respect of the status quo, however imperfectly defined by precedent and by canon and feudal law, was in theory enforceable, and in practice sometimes successfully enforced by the offended party, since the use of force had not yet become a government monopoly. Force was widely distributed across feudal society, permitting self-help in defense of socio-contractual rights. Coalitions could be formed and reformed according to shifting needs and the interests to be defended. Variable patterns of alliances provided the makings of balance-of-power politics within society. Since, in the presence of nearly equal forces on both sides, aggression seldom promises a higher payoff than keeping the peace, while resistance to aggression often appears to hold out a lesser expected loss than surrender, more or less successful maintenance of the balance of power discouraged breaches of the peace and fostered respect of the contractual status quo. A fairly even distribution of force, combined with ease in making and unmaking balancing alliances, acted as a deterrent to substantial breaches of contract. The situation, despite some skirmishing and local conflict, amounted to a kind of informal constitutionalism, with the limits of government remaining stable as long as the distribution of power between the parties was broadly unchanged. The ideological support for this type of equilibrium was provided by the Thomist interpretation of natural right, and the doctrine of the right of resistance in defense of it.

Limited government has also proved possible under certain nonfeudal, absolutist regimes. Here, government clearly held the "monopoly of the use of force" and the "people" were largely disarmed. Nevertheless, for various good reasons, potentially absolute monarchies did not always "collectivize" all decisions, but willingly conceded private choice rights over important areas of life. The House of Austria did this during much of its reign, primarily because (apart from its periods of religious intolerance) it could adequately serve its dynastic interests in relatively easy-going ways. It was most of the time a "lazy tyranny," a government limited by its limited ambition and a taste for moderation.

A different kind of absolutism placed limits on government when the monarch, though ambitious, tried to reach his objectives by way of a "revolution from above" to activate and harness a civil society grown sluggish, stagnant and inefficient under a system of unproductive incen-

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tives. Frederick the Great, and later Hardenberg and Stein, drew recognizable frontiers between private and collective decision spheres, trying to combine in an incipient *Rechtsstaat* self-restraint and activism at the same time. Analogous revolutions from above were attempted, less successfully, by Louis XV and also by Turgot and Necker in France, Joseph II in Austria-Hungary, Catherine the Great, Alexander II and then again, coming within a hair's breadth of success, by Stolypin in Russia. Stretching the concept of self-restraining absolutism, one might say that since the Second World War, Russia has gone back to limited government, albeit with its limits pushed as far forward as they will go: behind these frontiers, ordinary Russians have had irreducible rights to relapse into passivity, to choose how little they will work and how often they will escape into blind drunkenness, without being subjected to sanctions and economic costs as a consequence. The recent agitation for reform from above, then, to the extent that it is more than just ineffective noise, is about pulling the limits of government back—wherever this can be done without endangering the ruling oligarchy—so as to induce society to move forward. It is, as it were, a proposal to revise the social contract between Party and Society, in the hope that individuals will use the enlarged private decision sphere for the initiatives and efforts the Soviet regime so badly needs to realize its ambitions.

In each of these examples of absolutism, whether lazy and obscurantist or ambitious and enlightened, the social contract is self-enforcing. Neither party to the contract can realistically expect to improve its chances by worsening those of the other side and pushing the frontiers of its own decision sphere over into the other's territory.

The Quest for Unanimity

Paradoxically, the effectiveness and stability of the frontier between the private and the public area is more problematical the nearer we get to the opposite polar case, where collective decisions are, in some conventionally agreed sense, taken *by* those concerned and the "sovereignty of the people" is uncontested. Here, the social contract is not between two parties who have partly conflicting interests to settle. It is, instead, everybody's contract with everybody else—or, as holists might say, it is society's contract with itself, if the notion of a contract with oneself were not self-contradictory. Leviathan is created by everybody's *unanimous* will and not by a bargain between two *opposing* interests. He is, as his

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original image was so clearly intended to convey,[1] the composite total will of all who are condemned to live together in society.

Though the idea of popular sovereignty goes back at least to Republican Rome if not further, its modern career begins with Marsilius of Padua and is inseparable from the tensions between church and state. It gets further impetus from both neo-scholasticism and the Reformation, and finally reaches its logically complete form with Hobbes. (It is another, and bitter, paradox that it should be a work meant to justify absolute monarchy, and an author fleeing from the Puritan and parliamentarian revolution, whose legacy provided the ideological ground supporting "mutual coercion mutually agreed on" and "government of the people by the people.")

In embryonic form, popular sovereignty emerges in the parliamentary supremacy of eighteenth-century England, in Jefferson's America and, fleetingly, in the France of 1792. Its full realization, of course, is modern Western democracy. In the spirit of this social contract (or more precisely, quasi-contract), government is not a separate entity, and (as Rousseau has pointed out),[2] cannot be a contracting party. It is an instrument of society, with no distinct will and interests; it is, instead, a reflection of the will and interests of the sovereign people.

The contract, such as it is, is difficult to interpret. It seems to involve everybody's promise to everybody else not to resist "their own" collective decisions. Its enforceability depends on an overwhelming concentration ("monopoly") of power to deter disobedience. What, however, shall pass for collective decisions? Between the status quo X and some other feasible state of affairs Y, when are we to say that one of the two has been collectively chosen and, under the contract, all must conform and obey it? Plainly, the unanimous preference of all concerned would suffice. If everybody wanted X, it would be absurd to declare that they have in fact chosen Y. But then no contract would be necessary; nobody needs a contractual obligation to make him agree with himself. Equally plainly, it cannot be their collective decision to have X if none of them wants it at least as much as he does Y; X could, in that case, only be chosen *for* them but not *by* them, and the social contract does not oblige them to accept such an imposed choice. In these two borderline cases of unanimity, the contract is fatuous or irrelevant or both.

It is relevant and has operational significance only if some want one alternative, others another. The social contract matters only because it permits non-unanimous decisions to become binding for all. Its effects must be that in the face of any pair of feasible alternatives X and Y, with divided preferences over them, all should be committed to accept one of

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the two and give up the other. How the pairs where an X wins are to be identified, and told apart from the pairs where a Y wins, is a post-contract problem. It is a matter of the "social choice rule" or "constitution."

The great difficulty, impairing the credibility of the social contract, is that it implies unanimous commitment by all to obeying one decision rule, the "constitution," before any such rule could in fact be adopted. For it takes a collective decision to settle upon a decision rule. Yet a prior rule may be needed to allow *this* decision to be collectively taken. Only unanimous decisions do not entail implicit or explicit acceptance of a decision rule. But there is no a priori reason why unanimous selection of such a rule should be possible; we certainly cannot proceed by simply assuming that it is. How, then, can a collective decision be nevertheless reached, *before* there is a rule for reaching it? Yet the social contract is meaningless unless it is an agreement to respect an unknown rule, yet to be agreed upon.

This is a tall order. The contractarian ideology seeks to deal with it by arguing that not only the social contract, but the post-contract constitution, too, is unanimously agreed, because constitutional rules can be found that no one can have reasonable grounds for rejecting. The search for such rules must be confined to a set, all members of which are Pareto-optimal. This means that each rule must distribute "efficiently" the benefits available from collective decisions, so that there is no possible amendment of the rule which would augment the expected value of such benefits for someone without reducing it for someone else. If, within this Pareto-optimal set of possible rules, a certain rule would distribute the benefits mainly to one part of society, neglecting the rest, the latter would have reasonable grounds to object. On the other hand, if there are rules within the efficient set which are likely to cause "fair" distributions, or at least have no systematic distributive bias, they could be unanimously accepted as the best constitutional bargain anybody can secure, without anybody else having to accept a bias against himself.

Can Impartial Rules Be "Complete"?

There seem to be two ways of fulfilling this condition. Either individuals must be impartial and have no interests and preferences of the kind which collective choices reached by one decision rule are likely to serve better than those reached by another. Or the rule itself must be impartial, designed to produce impartial decisions which do not serve one

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interest more than another. Under the first condition, a "player" accepts any rule of the game because, unaware of having any comparative advantage or disadvantage in skills or endowments over the other player, he ignores whether the rule would favor his side or the opposite side. Under the second condition, acceptance is due not to *ignorance* or uncertainty, but to the player's positive *knowledge* that the rule in question does not favor one side.

The impartiality of individuals is obtained if (a) they are indifferent to how they will fare and simply have no particular interests (like zombies), or (b) they ignore them (Rawls's "original position"), or (c) they expect their interests to vary randomly over future periods, hence are unable to predict which rule would prove more favorable (Buchanan's "veil of uncertainty").

There may be great, troubled or tragic moments in a community's history where such states of mind prevail. Perhaps Germany's defeat in 1945 was such a moment. Only too obviously, however, they do not last; people do get wise to their particular situations and to the interests they do not share with everybody else. It is, moreover, possible for an impartial and indifferent state of mind behind the "veil of uncertainty" to prevail if constitutional rules are innocuous, in the sense that they are either vapid pieties asking to be shrugged off, or impinge only upon alternatives about which our future interests and preferences may genuinely go either way, but which do not materially affect our permanent interests. However—and here we come to the nub of the matter—a wealthy person, or one confident in his abilities, is likely to think that although he can have no certain knowledge of his or his children's future situation, they are apt to be better served by a constitution (for instance, one with suffrage tied to high property and educational qualifications, and with its amendment requiring, say, a nine-tenths majority) which makes egalitarian policies difficult to adopt. Such a person would, by the same token, have every reason to expect that equal universal suffrage and bare majority rule will operate to his relative disadvantage. Obviously, the converse is true of people who fear that their endowments, talents and luck will not suffice to lift them above the median position in society.

If it is unrealistic to suppose that many, let alone all, persons can feel impartial with regard to decision rules, it is illusory to hold that there can be decision rules that are impartial while also being complete. A "complete" rule must be capable of producing a collective choice between any two feasible states of affairs, one of which is the status quo. At least some of these alternative states of affairs must involve changes in the distribu-

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tion of advantage, well-being or whatever else individuals value. Under a complete rule, society is always able to opt for the distributional status quo or a specific change (or at least a measure designed to bring about a specific change) in it. Even a rule under which society always rejected any deliberate change—perhaps because a constitutional clause forbade any measure that would interfere with property and privilege—could be a technically complete rule, for in the face of any two distributional alternatives, it could always select one, the status quo. Patently, however, it would not be widely regarded as impartial in the above sense, for many people would consider it as conservatively biased. It would arguably tend to cause certain collectively provided benefits, such as the protection of property and the enforcement of contracts, to accrue mainly to those who have property, even if it could be proved that ultimately this worked to the advantage of everyone, including those who have no property.

A rule confined to yield only such decisions as have *no* distributional implications—though on reflection, there are few or perhaps no such rules—could no doubt be considered impartial. However, by definition it would be incomplete, leaving society without an agreed manner of resolving latent or overt conflicts of interest not "programmed" in advance by a pre-existing system of property rights. The allocation of the tax burden, needed to produce public goods, is an obvious example. No particular allocation of that burden is inherent in any system of property rights (or, as some would say, any taxation is a violation of such a system). A rule that did not lay down how to decide about taxes would not be complete, while one that did could not be impartial.

Split-Level Contractarianism

Modern contractarian thinking masks the extremely demanding character of its unanimity requirement by isolating two classes of social choice form one another: choices of states of affairs which remain out of reach unless one interest or preference is enabled to override another, and choices of the rules under which the former kind of choices must be made. The first class is by definition conflictual, while the second supposedly need not entail disagreement, does not leave any victors and vanquished, and permits unanimity. Hayek, for one, repeatedly insists on distinctions between *nomos* and *thesis*, law and legislation, general rules for allowing a spontaneous order or *kosmos* to emerge and particular decisions for running a social organization or *taxis*. In Buchanan's

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formulation, there is to be a distinction between choosing rules, and making choices within rules. His contention that these lie on two different levels, and that on the upper level unanimity is possible, depends on the upper level being "impartial" in the sense discussed above.

In Hayek's schema, the upper level is reserved for "rules of just conduct" which can, and ought to, be kept separate from "particular decisions." Rules of just conduct purportedly do not impinge on "particular private ends."[3] It is a harmless and riskless proposition that the application of a rule of just conduct can equitably resolve questions of justice, and will be unanimously accepted by all who want a just rule. It does not help us find the rule that is just, nor does it ensure that the men who compose society and must unanimously agree on the rules, will in fact do so. Moreover, a rule of just conduct, if it is found and agreed upon, will guide social choices among certain, mostly uncontroversial, alternatives but not among all. A rule that is only one of just conduct will not alone enable society to proceed to non-unanimous choices among all relevant alternatives; to be complete, it needs to be backed up by another rule whose criterion is not justice, but decisiveness.

Any complete decision rule has some bias that is predictable to some degree. Altering the rule has some systematic effect on the probability of the kind of choice its observance will produce. Democracy favors the preferences that are shared by many, plutocracy is helpful to ownership, aristocracy promotes "elitist" and distant social objectives, simple majority rule favors change, qualified majority or veto rules protect the status quo, and so forth. Consequently, the choice of a given decision rule is logically equivalent to the choice of a probability distribution of the alternatives that may be chosen within that rule.[4] Split-level decision theory, with upper-level decisions being uncontroversial and consecrated by unanimity, seeks to deny this logical equivalence.

Since social choice is inherently conflictual and a social choice rule probabilistically determines the social choices that its observance generates, it is inherently conflictual, too. A choice rule depending on consent can only be understood as if it were the solution of a bargaining problem; a solution which, if it is reached at all, can lie anywhere within the range of mutual advantage, at one end of which one party, class, group or interest gets most of the advantage from having a decision rule at all, at the other end another. There is in general no unique solution; different constitutions may be acquiesced to, depending on how the implicit post-contract bargaining fell out. However, since different rules tend to have different results, it would be inconsistent for society to want to keep the rule after it has ceased to want its results.

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It is for this reason, if for no other, that a consent-based constitution must, in order to survive the passage of time and the ebb and flow of interest groups and their ideologies, incorporate some provision for its own amendment.

A constitution that under its own clauses and provisions cannot be amended must bend. Otherwise it will not be what fashionable political discourse calls "a living constitution." The twentieth-century evolution of the U.S. Constitution at the hands of a Supreme Court that was "moving with the times" when it was not moving ahead of them, clearly shows that changing interpretation can achieve much, even without formal amendment. How the "spirit of the times" moves is plainly not independent of the very constitution whose evolution it brings forth. One can see in this feedback the makings of a hypothesis of "constitutional dynamics," under which given conservative, progressive, etc., choice rules help produce some change in the social balance of power which, in turn, imposes some change in the choice rule, and so on, in a sequence which may be cyclical or cumulative.

A Minimal Argument for Minimal Government

Before moving on, I should like to spell out, as explicitly as I can, that the frame of reference in which I argue from the acceptance of collective choice rules to the limits of collective choice, does not rely on and indeed excludes any built-in antagonism between state and society. Political thought often blames this antagonism for the loss of individual liberties, and there is something to be said for this manner of posing the problem. At our present level of abstraction, however, the state is a pure instrument of society; government does not seek to expropriate private rights; there are no corrupt and lazy bureaucrats, nor wicked politicians raising false expectations with their demagogy. Here, there is every reason for the public to be governed as much or as little as it wants to be; there are no trivial excuses for getting big government when society proclaims loudly that it desires a small one. It is in this pure form, free from ad hoc "malfunctions" and "distortions," that I propose to test the force of the paradox of limited government, praised everywhere but practiced nowhere.

Why, after all, is small government praised?—and why should any limit to collective choice be better than any other? The answer is usually built on some reference to freedom, and allows rhetoric to supersede close reasoning. It is all too easy to condemn "excessive" government

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intervention. Nobody is for "too much" state power; and being an apple pie-and-motherhood type of value, freedom is something we all approve. Yet there are freedom-derived arguments, meant to support one type of government, which can turn out to support the opposite type. The problem is too vast to be gone into here. But it should serve as a warning that Lyndon Johnson and Willy Brandt led governments aiming to increase freedom.

Looking for the ideal balance between the public and the private area would be a foolish ambition. For our present purpose it suffices to find at least one valid argument for small government (without denying that there may be valid ones against it, too) to establish the point that the question of collective self-limitation is not frivolous or irrelevant. On its strength we can claim that it matters a great deal whether it is at all possible to restrict the scope of collective choices and if so, how?—or if not, why?

The least demanding argument seems to me that the smaller is the domain where choices among alternatives are made collectively, the smaller will be the probability that any individual's preference gets overruled. For in the domain of private choices where he is sovereign, an individual need never override his *own* preference, though (on some definitions of free will) he is able to do so. Yet in collective choice *others* can do it to *him*. In private consumption, he spends his budget on the goods he chooses. In collective consumption, some of his budget is absorbed by taxes and will be spent on goods he may or may not have chosen. In terms of the decision rules typical of democracy, this means that only in collective choice does the individual ever risk finding himself in the minority. Under other types of decision rules, much the same is true to various degrees except when the rule is one of "anti-social choice," under which the given individual either has veto rights (no decision can be taken against his will) or is a dictator (all decisions are his).

A more conjectural argument can be built on imperfect foresight. Decisions affecting the future are meant to produce desirable consequences. Sadly, however, sometimes they turn out to be quite undesirable. When a social state of affairs, instead of being collectively decided, is left to emerge from a large number of individual decisions, the effects of the latter tend to be normally distributed: a few prove disastrous, a few are superbly good, and most are middling. The likelihood of the resulting state of affairs being totally disastrous or wholly superb is negligible. When, however, one collective choice is responsible for a state of affairs, no normal distribution can be relied upon. A single

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wrong decision that "seemed a good idea at the time" suffices to cause disaster. In loss of life and moral and material destruction, the collectivization of land in the Soviet Union and the Chinese Great Leap Forward were as great catastrophes as a world war. On a less apocalyptic scale, having an industrial policy under Peron has durably ruined Argentina and keeps ruining many other countries that seriously pursue one. Social engineering in Cambodia, Tanzania, Ethiopia and, it would seem, in Rumania, is equal, in the horrible and degrading nastiness of its effects, to a mortal epidemic or a cruel war. Self-inflicted social catastrophes are, in their tragic foolishness, even sadder than disasters inflicted by nature, history and geography. This is an argument for limiting the capacity of government to produce change; an argument which, if it does not appeal to everyone, should at least appeal to the mistrustful, the cautious and the worldly-wise.

An indirect but telling sign of the difficulty of durably restraining collective choice is the bizarre fact that alone among the great political currents, liberalism has no ideology. Hayek, who considers that limiting the state is both desirable and possible, explains what is to be meant by the limitation of collectively agreed coercion as follows:

> The strict limitation of governmental powers to the enforcement of general rules of just conduct required by liberal principles refers only to the *coercive powers* of government. Government may render in addition, by the use of *the means placed at its disposal*, many services which involve no coercion *except* for the raising of the means by taxation.[6]

The "means placed at its disposal" are not provided by the Holy Spirit. However, the coercion involved in producing them seems to Hayek to be almost a side issue, incidental to the non-coercive provision of collective needs:[7]

> The basic principle of the liberal tradition, that all the coercive action of government must be limited to the enforcement of general rules of just conduct, does not preclude government from rendering many other services for which, *except for raising the necessary finance*, it need not rely on coercion.
>
> . . . I am the last person to deny that increased wealth and the increased density of population have enlarged the number of *collective needs* which *government can and should* satisfy. Such government services are entirely compatible with liberal principles so long as . . . the wants satisfied are *collective wants* of the community *as a whole* and not merely collective wants of particular groups.[7]

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Taxation as a proportion of national income is a rough measure of the domains of collective versus individual sovereignty over material resources. It sounds almost like deadpan black humor to state that "except for raising the means," government need not rely on coercion to render services. Surely, once it has raised the means, it has applied all the coercion it can possibly need; if we treat such coercion as an exception, what is left of the rule?—and what could a liberal ever object to? There is an infinity of services to be rendered; they all satisfy some need. How much should be provided? We are in an ideological void in which minimal state, maximal state and anything in between are equally admissible. However, the real sting of Hayek's statement of what is compatible with liberalism is in its tail, where he stipulates that the wants to be satisfied must be those of the community "as a whole."

Hayek's General Will

This is not the first time that political thought has tried to separate the wants of the community "as a whole" from those of "particular groups"—the attempt to do so is far from typically liberal. Rousseau has, of course, done it by postulating the General Will, which is distinct from "particular general wills." He trapped himself so effectively that to get loose, he identified the General Will with what the majority decides *when it is not mistaken* about what it really wants.[8] Hegel and Marx reasoned in much the same way about the real purposes of history and the real interests of class. Hayek maneuvers himself into the same kind of circular argument by seeking to set apart general from particular collective wants. Collective wants could, of course, be classified as such, and ordered into some hierarchy, by the (value) judgments of a given person, such as Hayek, or I, or (best of all) the reader. The hierarchy could be called a "social welfare function" as formulated by that person. Decisions to maximize the function would effectively be his decisions (on behalf of the community) and not the community's decisions (on behalf of itself). This may work admirably for all we know, but is not the case we (or liberals in general) are discussing. Our problem is the case where the hierarchy of "collective wants" is some composite expression, summed in some agreed manner, of the interests and preferences manifested by the members of the community. The most widely agreed manner of expressing them is one-man-one-vote majority rule, though others are possible. Whichever it is, it is precisely this agreed manner of indi-

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vidual preference—aggregation into a collective ordering—that is supposed to be laid down in the collective decision rule.

When, therefore, Hayek calls for satisfying the collective wants of the community but not those of particular groups within it, does he have a means of identifying some "real" hierarchy of wants which is independent from what the community itself, *via* the agreed decision rule, expresses? Which "social welfare function" is he solving? If it is one written by himself or those of a like mind, the result is pre-ordained, but the only practical way of realizing it is to vest collective decision rights in Hayek and those of us who feel like he does. If, however, it is "society's own" expression of its wants that is to stand for the social welfare to be maximized—which is implied in the liberal idea that people know best what they want—it will be the operation of the collective decision rule they have accepted, and nothing else, that can determine what is meant by a want of the community "as a whole."

Thus, to pursue Hayek's argument, if society wants to protect small bootmakers from factory competition,[9] and reaches the decision to do so by the agreed constitutional process, to say that bootmaker-protection is *not* satisfying a collective want of society as a whole is equivalent to saying, with Rousseau, that the decision-makers of society (the majority, or whatever part is authorized to decide for all) was "ill informed" about the General Will. One might just as well judge, with the legendary professor of German commenting on the sentiment expressed in a Goethe poem: "*da irrt sich der Dichter.*"[10] But if society does not know what it really wants and Goethe is in error about his own sentiments, what is to stop anybody from claiming that he knows how to put right such mistakes?—and how can liberals object to paternalism, dictatorship or, more topically, to the "leading role" to be permanently reserved to a certain party?

In calling into question a certain decision, we are really calling into question the rule which was duly followed in reaching it. It is conceivable that a different rule would have produced a different decision, more in keeping with what some of us would welcome, and small bootmakers would not be protected. The proper object of argument, then, is to see whether a different decision rule, which would make certain kinds of decisions more difficult or perhaps impossible to reach, might have been agreed and upheld.

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The Constitutional Limitation of Social Choice

Provided that it is obeyed, there is a type of constitutional rule that is foolproof in ensuring that certain collective decisions will *not* be reached. Such a constitution explicitly bans the choices of certain states of affairs, for example those that involve violations of the freedom of worship, assembly and speech, or the right to dispose of lawfully acquired property. Such a constitution is nevertheless technically "complete," for it enables collective choices to be made between the status quo and any other state of affairs. However, when certain states of affairs are meant to be discriminated against, the rule will direct society *always to select the status quo* instead. It is in this sense that certain rights could be said to be "inviolable" under a constitution. In the standard language of social choice theory, the rule would effectively permit collective choices only within a "restricted domain," leaving inviolable the areas outside it.

A roundabout and less foolproof manner of restricting the collective domain is to aggregate individual preferences, or more precisely the votes supposed to express them, in such a way as to give greater weight to those voters who would want to preserve the status quo in the area in question. If the rich want to keep, and the poor to change, the status quo in the distribution of wealth, a super-majority requirement, or a property qualification giving more votes to each rich person, will probably have similar effects as an explicit domain restriction in matters of property and taxation.

Little ingenuity is needed to devise a constitution which, by direct or roundabout means, tends to restrict the domain of collective choice to some definable sphere and by the same token limits the scope, functions and power of government, making it "smaller" than it would be if the domain were unrestricted. On the long road to absolute parliamentary sovereignty in England, there were many periods when all policy was technically a royal prerogative and the King in council supposedly decided over war and peace, trade and navigation, yet the politically active part of the landed and the commercial "interest" could decisively control the money at the government's disposal, thereby setting limits to the scope of its actions. There is a plethora of constitutional devices for "rigging" rules and procedures in such a way as to clip the wings of the state. Reserving more decision rights to those who pay more tax is no doubt one of the most direct and uninhibited. However, the problem of securing limited government and individual sovereignty is not how to invent domain-restricting constitutional devices. It is to find the condi-

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tions, if there are any, under which such devices would be likely to be adopted, respected and left intact for long enough to do any good.

Admit for a moment that society has inherited such a domain-restricting constitution from a past where views and wishes, interests and preferences were different; call it Rule A. What stops today's society from ignoring it and proceeding to collective decisions under some less restrictive constitution—call it Rule B? Force is an instrument controlled and directed by society; it cannot protect Rule A from violations if the balance of forces in society desires them. There is, under popular sovereignty, never an answer to the question: *quis custodiat ipsos custodes*? (Only when a force *outside* society comes into play can a constitution be *guaranteed*, in the manner of the armed force of the Soviet Union guaranteeing socialism in the countries under its tutelage, against the will of their respective peoples who would visibly prefer to live by a more congenial constitution). Hayek, for one, does not consider the lack of force an inherent defect of constitutions: "To limit power does *not* require that there be another power to limit it."[11] Power, he explains, is derived from opinion. To make sure that opinion sets the *right* sort of limits, leading to the kind of government liberals can approve, he wants to entrust its formulation to a representative body, a second or third chamber, above coalitions of particular interests. No reason is advanced why the opinion enunciated by this body would be accepted as binding by a society, or any substantial part of it, in a situation where it wanted to use the "power" of collective decision-making for breaking down the very limits "opinion" has erected against it.

Unfortunately, the construction under which society's opinion keeps society's power from doing what society wants, suffers from a failing common to much normative constitutional theory. The search for an institution or a rule—or a body to interpret it—that is representative yet stands above interests, decisive yet benign, conflictual yet unanimous, square yet round, is perhaps not a total waste of time, for it may have educational value. But those who would guide us cannot possibly find the object they are searching for, and it seems to me wrong of them to pass off the *searching* as if it were the *finding*. Needless to say that if there *is*, in fact, a dominant opinion in society in favor of Rule A, such that it overrides preferences and interests which lean towards Rule B, the problem of how to preserve Rule A and how to limit government *is*, in fact, solved. However, the existence of such a dominant opinion is not self-evident, it is not an empirically supported likelihood, and it certainly cannot simply be assumed and relied upon.

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Failing the dissociation of "opinion" from interests—what Marxists are pleased to call false consciousness, but which is neither less nor more likely to exist for being "false"—the preservation of Rule A, or its replacement by Rule B allowing more active, and perhaps unlimited, government, is ultimately a function of the comparative preference-rankings of the two sets of actual collective decisions expected to be yielded by each. As we have found earlier, however, one set (or probability-distribution of sets) is seldom ranked unambiguously higher than another, since political society is a tissue of partly conflicting interests, some of which are better served by one rule, others by another. Even for a single individual, neither set may dominate the other: while Rule A is kinder to taxpayers, Rule B should result in better public education, and if an individual is both a taxpayer and has school-age children, his preference is not immediately obvious. This is *a fortiori* true of multi-person groups and multi-group societies, within which a given collective decision involves gains for some and losses for others. For such communities, agreement on Rule A is one solution to their underlying bargaining problem, agreement on Rule B is another, but neither bargain is uniformly better for all parties. Can one, nevertheless, say that under certain conditions one solution "dominates" the other in the sense that one constitution will survive or will supersede the other?

Let us continue to suppose that today's society has inherited the domain-restricting Rule A; we will suppose, in particular, that under it society can never decide to take one person's (or one class of person's) property and give it to another. A complete rule has come provision for its own amendment. For Rule A, let it be a very restrictive one, just short of the unanimity requirement (unanimity would be a redundant requirement, contradictory to the essence of "social choice"—which must allow at least one contrary preference to be overriden). Thus, Rule A can be amended, and transformed into Rule B, if *not more than one* person opposes it. Consequently, *any two* persons can decisively protect Rule A. Peter and Paul, the two richest, would presumably be the last two to give up opposing the amendment. A coalition of all the others remains "indecisive" in the face of their stand. But the coalition can turn itself into a "decisive" one, and gain Peter's property, if they can bribe Paul to join them. It pays them to pass from an indecisive coalition of all against n, to a decisive coalition of all against $n - 1$, for although the payoff is diminished (less property gets shared out among more allies), it is at least sure to be obtained. There is a possible bargain to ensure the passage: under it, Paul keeps his property and shares Peter's property with the other members of the coalition, so that all members

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are better off and only Peter is worse off from the amendment. Thus, *under Rule A*, there is a decisive coalition both entitled to change over to Rule B, and having an advantage in doing so. When both these conditions hold, we will say that B dominates A.

(If Paul were mistrustful and far-seeing, he should never join the coalition against Peter, for once the constitution is changed and the requirements for decisiveness are relaxed, he could expect to be one of its first victims, against whom a decisive coalition would be formed. Forgoing the immediate gain and sticking by Peter to defend the old constitution would probably be his best policy. Nevertheless, history suggests that, motivated perhaps by envy and fear of the economic power of the richest, the merely rich are normally quite willing to join political alliances against the very rich. It is only in truly revolutionary situations, and then not always, that all property-owners unite against the menace of the propertyless).

There seems to be enough basis here for a three-part thesis:

(1) Any constitution, whether written or implicit in custom, can be amended de jure or de facto by a coalition large enough to be decisive for the amendment. (For "amended" we may read reinterpreted or circumvented; for "large enough" we may read influential, cohesive or vocal enough, depending on the facts of the case).

(2) Each constitution can be associated with a probable set of collective decisions that become accessible under it. Constitutions providing for limited government allow access to similar probability-weighted decision sets than those that do not restrict possible government action.

(3) If all in a potential coalition that would be decisive under Constitution A, including decisiveness for changing it, weakly prefer the decision set accessible under Constitution B, A is dominated and unstable, and B is dominant over A. (B may in turn be dominated by C, and be unstable).

Maximizing for a Minimal Decisive Coalition

If this formal thesis has relevance for understanding how social decision rules evolve, it may help in identifying the particular constitutional solutions that are on a priori grounds likely to be dominant, or dominated.

A characteristic relation between two constitutions A and B is one where the probability distribution of decisions generated by the operation of A is a subset of that under B. Some states of affairs easily

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accessible under B, will then be unlikely or difficult to reach, or even be totally inaccessible, under A. Since a decisive coalition need never choose a state of affairs whose expected value to it is negative, it would not be rational for it to value *positively* the *inaccessibility* of states of affairs. Consequently, the rule under which a certain set of alternatives is available to it, has *prima facie* as great or greater expected value to a *given* decisive coalition, than the rule under which some of the alternative states of affairs are unavailable. Rule B would thus dominate Rule A if the decisive coalition were the same in each.

If the rule change involves a change in the decisive coalition, too, a bargaining problem arises, for some of the additional alternatives that become accessible and have a positive expected value to the new decisive coalition in B, may be disliked by the old decisive coalition in A. A bargain, compensating some of the latter out of the gains accruing to the new decisive coalition from the changeover to Rule B, may or may not take place. (It may fail by miscalculation, or on the contrary, by virtue of superior calculation by some of the parties who refuse the present compensation for fear of more distant losses). However, mutual advantage is available to make the bargain at least possible. There is thus at least a presumption that the less restrictive Rule B dominates the more restrictive Rule A.

In democracy, collective decisions are made by adding up the algebraic sum of unweighted votes. All who are allowed to participate in the decision have equal influence on it, no matter who they are and how intensely they like or dislike an alternative. Assuming that for reasons that are outside the present argument, these democratic features must in any case be accepted, one constitution will tend to dominate all others. It is one where the accessible and probability-weighted *decision set is maximized* and the *decisive coalition* able to impose its choice on everybody is *minimized*. Since a vote for the status quo weighs the same in the algebraic sum as one against it, the smallest set of votes that is still decisive is, of course, half of the votes cast plus one. In other words, in democracy the dominant constitution is one where a *bare majority* rules over an *unrestricted domain*. In Arrovian social choice theory, these characteristics are the consequence of axioms, selected with a view to being ethically satisfactory. It may be, however, that much the same consequence can be predicted, independently from ethical acceptability, by assuming that all have equal influence over collective choices and behavior is non-altruistically utility-maximizing.

It is self-evident that as long as a decisive coalition is not at its minimum, *gains are available by reducing it*, since each reduction enlarges the

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losing set and decreases the number of gainers among whom the good taken from the losers is shared. It is only when the decisive coalition is reduced to a bare majority that no further gain can result from changing its size. It is likewise self-evident that gains are available to the decisive coalition by any widening of the domain of collective choice. Domain restriction is either fatuous (if it stops the decisive coalition from doing what it does not want to do anyway) or frustrating (if it stops it from doing what it wants to do).

These are, then, the basic arguments in support of the ominous prediction that when opinion is dependent on preference and interest, the end of the line of constitutional development is unlimited popular sovereignty, bare majority rule and the erosion of obstacles that could prevent collective choice from overriding private choice.

The corresponding framework of public law may be fully respected and the organs of the state may be unreservedly subjected to it. There may even be a judiciary which, by a variant of the Indian rope trick, is independent of the power of the state and can somehow enforce the constitutionality of government actions. Technically, a *Rechtsstaat* can exist. Nevertheless, government would not be limited in the accepted sense of the word. Without any violation of the constitution, lawful collective decisions to satisfy what Hayek, in all good faith, approvingly calls "collective wants," could continually expand its role.

The satisfaction of collective wants has well-established special properties that make for continuous expansion. The principal such property is that while publicly provided goods and services have a total cost that is met from general taxation or public borrowing, their marginal cost to any individual consumer is zero or is subjectively seen as zero. Hence the net benefit he expects to derive from increased public provision of the goods he may want to consume is, subjectively and *ex ante*, always positive. (It is zero or negative only from goods he does not want at all or is already consuming to the point of total saturation). These individually positive appraisals of the value of increased provision of some of the infinitely many goods and services that governments can produce, get aggregated into collective preferences for *more* of this, that, or the other, without symmetrical collective preferences arising for *less* of something else.

It is an error to think that the phenomenon discussed above depends, as log-rolling does, on collusion among the champions of different public goods, each helping the other to get the "right" collective decision, as a condition of being helped when it is his turn to ask for the sort of public expenditure he wants. Even without collusion, the fact that publicly

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provided goods appear to be costless at the margin to the individual voter, makes it easier (more probable) to reach collective decisions that *provide* than ones that *deny*. This seems to me a far more powerful and general factor for the growth of government than collusive log-rolling. In addition, the quasi-costlessness of publicly provided goods implies that their consumption can only be controlled by rationing, since it is not controlled by price. However, there are goods, such as free public education, public health care, welfare and unemployment benefits, that cannot legitimately be rationed because they must be supplied to all comers who can demand them under a legislated *entitlement*. Using more of a good under an entitlement (staying on at school, or at university, getting optional surgery, remaining unemployed rather than choosing some inferior job) is costless or at least is cheaper than the marginal cost of the good. Expenditure under entitlements, therefore, tends to grow more or less uncontrollably, without any specific collective decision being taken to make it grow.

"Private Fortresses"

These tendencies to a limitless public sector and a limitless role for the state, arise out of an incentive structure which is inseparable from the unlimited sovereignty of lawfully reached collective decisions. Where force is a centralized monopoly, controlled by the operation of a constitution, the latter is unchecked. It is liable to evolve towards its theoretically most rewarding, "dominant" form with unrestricted domain and bare majority rule. It is in this form that the ability to choose collectively has the *greatest expected value to each member* of a potential decisive coalition.

In reminding us that the capitalist organization of society reduces the risk run by dissenting individuals, Schumpter spoke of "the private fortresses of bouregois business"[13] which could protect minorities by offering them a livelihood that does not depend on public favor. It seems true enough that as long as such fortresses stand, the ability of a decisive coalition to bring about any feasible result it wants can be obstructed by their walls. There have been social organizations in history with many such private fortresses, great and small; not only great family-controlled capitalist empires, but yeoman farms and businesses just strong enough to assure the owners' independence. American society from the Philadelphia Convention to the First World War abounded in "private forts" of all sizes and shapes, each a minor obstacle to the sovereignty of the people, and it is tempting to infer that American government over this

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period was limited ultimately for this reason, and not because of the Lockean inspiration of the Constitution. Arguably, the latter was a symptom of the richly polycentric power structure and not its cause. The defeat of the Confederacy in the Civil War; the growing dependence of industry on public policies in the matters of tariffs, taxes, credit and, towards the end of the period, regulation and anti-trust; the waves of populism; and the parallel though irregular progress of the Constitution towards unrestricted domain and majority rule; these developments formed a chicken-and-egg sequence, where the weakening of dispersed powers contributed to the breaking down of the limits of government, and vice versa. There is no room in such an essay as this for delving into the details of this process, nor for finding earlier parallels in European history. All we can note is that although it took its time in doing it, history on either side of the Atlantic seldom failed to get close to the theoretical end result, bare majority rule and practically unrestricted domain, a result which in a framework of abstract reasoning would come about instantaneously.

It is to history taking its time that we owe thanks for the brilliant but passing nineteenth-century interlude in Western civilization, with limited government and assured-looking private sovereignty of everybody's own decisions over crucial domains of economic and social life. If our more collective twentieth century is in some respects "better," less arduous, more clement and relaxed, it is in no small measure because it is living off the accumulation of moral and material reserves mostly squirreled away during that earlier private interlude.

Escaping the Rational Calculus

My argument was designed to lead to a certain conclusion, and it did: limited government with popular sovereignty is precarious, historically in retreat and, under certain abstract ahistorical assumptions, self-contradictory. One escape route, voluntary surrender of popular sovereignty to some small elite, a feudal lay or clerical hierarchy, an absolute monarch or a dictator, is ethically questionable and also imprudent: each of these alternative sovereigns would be capable of conducting limited government, but in fact none of them might end up doing so, and there is no assurance that we could make them.

However, the preservation of popular sovereignty inevitably means that constitutions as rules for collective choice are not received from the Holy Spirit exogenously, but are agreed amongst ourselves endoge-

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nously. Once it is understood that (at least tendentially, in terms of probabilities) given rules are disposed to produce given consequences, the hopeful contractarian distinctions between choices, rules for choosing, and rules for choosing rules, disappear. The distinctions are meant to make it rational for people to agree on constitutions unanimously, without much regard to relative gains and losses that might ensue from their operation. If rules can be related in some straight or probabilistic way to the choices they engender, their value is derivative, instrumental, and the same calculus of cost and benefit, net advantage or expected utility must apply right through the chain. Goods, the rules for distributing them and the meta-rules for choosing these rules, form a single hierarchy whose ordering depends solely on our preferences and interests in the final goods at stake. In a pure utility-maximizing paradigm, nothing else can possibly explain constitutional choice.

It is then impossible to maintain that the coalition that is decisive under a certain rule will refrain from maximizing the advantages the rule offers, and will deliberately let its interests be frustrated by not fully exploiting it, and if need be changing it into a different rule.

We keep hankering for nobler, milder and blander outcomes. But logic offers only the bleak perspective at the end of the road of constitutional development, the practical omnipotence of collective choice that selects its own rules.

At this stage if not before, it should be clear what makes this conclusion compelling and what would make it invalid. Either preference and interest are supreme, or they are not. To limit government, there must be something among the determinants of collective choice that overrides preference and interest, yet does not contradict the condition underlying any social contract, namely that collective choice is never independent of what significant numbers of individuals wish it to be.[14]

Whatever this overriding determinant may be, it must be capable of constraining utility-maximizing conduct. It must thus confine the scope of the consequential calculus individuals wish to perform, in a way that will *create a restricted domain* in collective choice. Moreover, these constraints must not be perceived by the individuals concerned as the interdictions of an adversary, resented and if possible overcome—much as "bourgeois law," stopping collective choice from touching private property, was supposed to be resented and ultimately overcome in the mythology of the class struggle; they must form an integral part of individual motivations.

An old maxim of statecraft had it that "*un curé vaut douze gendarmes*"—one parish priest can make a dozen gendarmes superfluous. To be

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strictly true, the maxim should lay down that what the priest does for the present generation—in educating the young and in influencing the social climate—allows us to have a dozen fewer gendarmes a generation later. His effect is as much on people's respect for rules as on the evolution of the rules themselves, which may require fewer gendarmes to enforce. Men raised, whether by priests or others, to acquiesce in certain alternatives and to reject others almost by reflex action, without trying to excogitate the consequences, may simply refrain from opting for feasible public policies that would promote their interests, if such policies would violate "natural right."

We may say that such conduct is governed by standards that are *not derivable* from interests nor, of course, from preferences in any meaningful sense of that term. (There is a tautological sense in which "preferred" means "chosen," for whatever reason; under it, choice inspired by respect for a moral norm would still be choice dictated by preference. This sense of "preference" is, of course, redundant and useless). An individual, some of whose choices are dictated by *standards*, has a built-in bias that can overrule his utility calculus. He opts for certain states of affairs not because of what their consequences will do for him, but simply for what they are.[15] We could, to follow the fashion, also say that his preferences are governed by a meta-preference, and so on from layer to meta-layer, meta-layer to meta-meta-layer, but nothing would be gained by piling ever longer words upon short.

The real question is not whether standards can overrule preference or, as Hayek has put it, whether opinions can limit state power. Evidently, they can if they are of the right kind and strong enough. To say so does not answer any problem, and is of no help in considering how such standards can get hold in a culture, and how they get eroded.

Abstract theory, which I think alone allows us to reduce the question of limited government to its essentials, has little or nothing left to contribute to the answer. How people get to feel the way they do is beyond political philosophy and economics. History and social anthropology may have to take over at this point, for the emergence of religions and taboos, and their resistance to the processes of secular enlightenment, is for such branches of knowledge to explain.

For what it is worth, I will, by way of postscript, nevertheless hazard my personal conviction that enduring limited government is only possible in conjunction with unreasoning acceptance, by significant parts of society, of certain metaphysical propositions. Perhaps only luck can ensure that they should be the "right" kind. However, dangerous and double-edged as they can be, religion, taboo and superstition have indis-

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pensable roles to play in curbing the calculations of reason, and in resisting the relentless advance of collective choice propelled by individual interest. Reason, if it is supreme, will never propose nor durably accept limits to its own scope. It will want to use the power of collective choice whenever it finds, or believes to have found, a chance for it to bring about some improvement in the "sum of wellbeing." Reason has, by its very nature, enough confidence in itself not to renounce, humbly and in advance, the use of its power to do good.

What do I mean by the "right kind of metaphysical propositions"? In his *Theory of Economic History*, my erstwhile teacher Sir John Hicks, borrowing from an ancient Arab chronicler, recounts how the people of Medina, menaced by a failure of the millet crop and fearing that speculators would corner the stock, went to the Prophet Mohammed and asked him to fix the price of millet. The Prophet is said to have protested indignantly that he could not fix prices, "only Allah can do that!"

This kind of reflex rejection, unjustifiable by reasoning, of the seductive possibility that the state can and legitimately may influence matters of production and distribution in "collectively chosen" ways, is the ultimate assurance we can have for limited government. Perhaps there are other, less bigoted ones. Be that as it may, the net result of confidently following the apparent dictates of reason in politics over the last hundred years or more, has been inglorious enough to teach us caution before we condemn old interdictions for their obscurantism.

NOTES

1. The title page of the original "Head" edition of Hobbes's most famous work shows the head and the torso of Leviathan composed of innumerable little human figures.
2. J. J. Rousseau, *The Social Contract*, in Sir Ernest Barker, ed., *Social Contract* (New York: Oxford University Press, 1960), 164.
3. F. A. Hayek, "The Confusion of Language in Political Thought" in Hayek, *New Studies in Philosophy, Economics and The History of Ideas* (Chicago: University of Chicago Press, 1978), 93.
4. A constitution, then, is a lottery whose prizes are social choices favoring some over others. Depending on the prizes and their chances, some people will prefer one lottery ticket, others another. There is an analogy here with some principles of risky choices. We may choose between various prizes; or between lottery tickets offering chances of winning these lottery tickets; and so on indefinitely. The higher one goes along the chain of lotteries, the further removed are the actual prizes, and the more difficult it may be to work out the correct choice, i.e. the choice consistent with the value of the

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final prizes. Mistakes of calculation may creep in. But this does not entitle anyone to affirm that it is rational to choose tickets on some basis *other than* the basis of reference to the values of the final prizes and the probabilities of winning them. Contractarianism is, so to speak, the belief in such an "other basis."

5. As the context no doubt allows the reader to realize, the reference is not to "liberalism" as understood in American politics.
6. Hayek, "Liberalism" in Hayek, 144, my italics.
7. Hayek, "Economic Freedom and Representative Government" in Hayek, 111, my italics.
8. "The general will is always right, but the judgment guiding it is not always well informed. It must be *made to see things as they are*, sometimes *as they ought to be*." J. J. Rousseau, *The Social Contract*, in Barker, 204.
9. Hayek, "Economic Freedom and Representative Government."
10. The legend has its origin in Eckermann telling posterity that contrary to his own erroneous lines, Fredericke was *not* Goethe's greatest love.
11. Hayek, "The Confusion of Language in Political Thought" in Hayek, 93.
12. By way of a digression, we may reflect upon a perhaps frivolous question: if, by a gigantic effort of self-abnegation, the Soviet state brought itself to respect its own laws *both* when it suited the ruling oligarchy *and* when it did not, would it be a *Rechtsstaat*? Is the universality of the rule of law a sufficient condition for that condition, or must the law have some particular substantive content?
13. J. Schumpeter, *Capitalism, Socialism, Democracy*, 5th ed. (London: George Allen and Unwin, 1977), 151.
14. This condition will be recognized as a loose restatement of Arrow's non-dictatorship axiom. (K. J. Arrow, *Social Choice and Individual Values*, 2nd ed. [New Haven: Yale University Press, 1963].)
15. When it is the constitution itself that, in Arrow's words, has "a built-in bias toward one alternative or another," it violates the condition that collective choice must be independent of the *nature* of the alternatives offered for choice, and depend only on how the individual voters *value* them. This condition is a consequence of the Arrow axioms, and is at the heart of the "impossibility" of social choice. (Cf. the compelling argument to this effect by A. K. Sen, "Social Choice and Justice," *Journal of Economic Literature* (Dec. 1985): 1768–70.) The condition enunciated in the text does not require that the constitution should have a "built-in bias"—a self-limiting bias would not be durable anyway. It requires, instead, that the voters themselves should be "biased," refusing to take certain "preferred" alternatives.

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David Miller

THE FATALISTIC CONCEIT

THE FATAL CONCEIT: THE ERRORS OF SOCIALISM

by F. A. Hayek

edited by W. W. Bartley, III

Chicago: University of Chicago Press, 1989. 180 pp., $24.95

This book, which seems likely to be the last that Hayek will write, stands at the head of the *Collected Works of F. A. Hayek* which is to be issued by the University of Chicago Press in 22 volumes. Its position in that series, together with the editorial introduction provided by W. W. Bartley, suggest that it is supposed to represent a summation of Hayek's life-work, a distillation of the doctrines and arguments that Hayek has deployed over some fifty years in defense of the market order (or what others might call capitalism) and the institutions that it requires. If that is so, our first question must be whether it succeeds in that capacity—whether it is a book one might recommend to someone seeking an overview of Hayek's distinctive approach to social and political theory. The answer, in my view, is quite clearly that it does not. Although the book does lay out a number of familiar Hayekian themes (I shall turn to some of them shortly), it is repetitive, poorly organized, and above all fails to display consistently that clarity of thought and expression which has in the past been such a distinguished feature of Hayek's work. I believe that many of Hayek's admirers will wish privately that the book had not been published, his reputation in political thought left to rest instead on his major works *The Constitution of Liberty* and *Law, Legislation and Liberty*.

The author is an Official Fellow in Political Theory at Nuffield College, Oxford, whose publications include *Social Justice* (Oxford 1976), *Philosophy and Ideology in Hume's Political Thought* (Oxford 1981), *Anarchism* (London 1984) and *Market, State and Community* (Oxford, forthcoming).

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These are hard words with which to begin a review, particularly in the case of an author now in his ninetieth year, but candor is necessary here to make sense of what follows. For to understand and assess the claims Hayek makes in this book it is necessary to engage in a considerable amount of reconstruction, to supply arguments which are barely hinted at by Hayek himself (but which in some cases can be derived from earlier writings). Let me pass quickly, then, to Hayek's professed aim in the present volume, which is to expose once and for all "the errors of socialism," to provide a final obituary for that political outlook.

Now the first question we might want to ask concerns the identity of Hayek's target. Both in history and in practice, socialism comes in a large variety of guises and the relationship between the different versions is one of family resemblance rather than essential identity. We are now living at a time when the meaning of socialism is widely debated, not only among social democrats in the West but increasingly inside the communist parties of Eastern Europe. But this ferment of ideas has made no impression on Hayek, or if it has he chooses steadfastly to ignore it. Indeed he offers no definition or description of socialism at all, relying in his remarks on the subject on the reader's implicit grasp of what such a system must look like.

Shifting Definitions of Socialism

The clue to this puzzle, I believe, is that what really exercises Hayek is not this or that economic system but a certain attitude of mind towards social arrangements, the attitude he calls constructivist rationalism. This is the view that social arrangements can and should be designed so as to fulfill conscious human intentions. The biggest villains of all, in Hayek's book, must be those nineteenth-century positivists who believed in the possibility of a complete system of social science which could then be used to organize society in deliberate fashion to realize whatever aims the designers espoused. But the relationship between constructivist rationalism and socialism is not one of entailment in either direction: some nineteenth-century positivists believed in capitalism, while some socialists have eschewed rationalism of any sort, for instance resting their hopes instead on the spontaneous creative powers of the masses. More specifically, there is great variation in the degree to which socialists, both in theory and in practice, rely on deliberate social planning to achieve their aims.

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It might seem that this confusion of target does no real damage to Hayek's case: he is against socialism insofar as it embodies constructivist attitudes, and the focus on socialism is justified by the empirical fact that socialism has, in practice, served as the major embodiment of the attitudes in question. But if we look more closely, Hayek's failure to define socialism in any but the vaguest terms exposes a crucial weakness in his argument. For it allows him to oscillate between what we may call maximal and minimal definitions. On the maximal definition, socialism would describe a state of affairs in which all economic activities—employment, pricing, output targets, etc.—were deliberately planned by a central authority; it would amount to the complete transcendence of the spontaneous order that Hayek favors. On the minimal definition, by contrast, socialism refers to any planned modification of that order, however slight—so for instance environmental legislation, or income redistribution by progressive taxation, or exchange controls, would all qualify as socialist. Hayek relies on the minimal definition when he argues, for instance, that all uses of the term "social justice" are implicitly socialist, or that the book *Liberalism* by the reformist liberal L. T. Hobhouse ought to have been called *Socialism* (110). But he crucially relies on the maximal definition when pointing out the disastrous consequences of socialism, which as we shall see are supposed to amount to condemning a substantial part of the population to starvation and death.

To put this slightly differently, Hayek tends to see the world in Manichean terms, as gripped by a titanic struggle between the forces of capitalism and those of socialism. Any concession to socialism represents a step down the slope to disaster. He does not consider the possibility that, while total social planning might have the consequences that he describes (I shall come back to this point shortly), limited installments of conscious intervention—i.e., of "socialism" on the minimal definition—might actually improve people's life chances.

That Hayek should emerge as a staunch defender of laissez-faire capitalism and a virulent opponent of socialism will come as no surprise to readers of his earlier books. What may be less expected is the extent to which his argument has now become Social Darwinist in character (although there were already strong hints of this in the Epilogue to *Law, Legislation and Liberty*). Capitalism, in other words, is no longer defended on grounds of principle—say in terms of its essential contribution to human freedom—but as an evolutionary necessity. Those who would wish to see Hayek as a major contemporary philosopher of liberty may

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be disappointed to discover that freedom is here regarded simply as instrumental to the multiplication of the human species.

Hayek's Social Darwinism

Hayek does in fact distance himself from Social Darwinism: but his reasons for doing so are never spelt out, and we can only conjecture what they might be (see the passing references on pp. 23 and 27). He probably believes that any Darwinian evolutionary theory must be based on the inheritance of biological characteristics, whereas he himself favors cultural inheritance as the major mechanism of human evolution. In fact, though, "Social Darwinism" refers to a whole range of nineteenth-century theories, some of which placed the emphasis just where Hayek places it, namely on cultural competition between human groups. What is characteristic of Social Darwinism is its identification of ethical value with evolutionary success, and by this criterion Hayek stands right in the mainstream.

Hayek's central claim is that human beings have adopted two opposing systems of morals. The first system reflects the circumstances of life experienced by primitive men—small bands of hunter-gatherers and so forth—and requires practices of altruism and solidarity within the group. The second system has evolved gradually to reflect the growing interdependence of human beings across wide tracts of space, and consists in those rules which allow extended cooperation via trade and markets—rules of property, contract and so forth. In Hayek's view the first system has an instinctual basis, whereas the second is artificial (though see appendix A on the terminological question) and therefore always threatened by instinctual revolt. The rules of the second system are carried by traditions whose rationale is never fully understood by those who adhere to them; particular rules have been selected by evolutionary competition over a long period of time, as groups which adopted them prospered and expanded in numbers. Morality of the first kind continues to be appropriate *within* intimate human groups, especially within the family, but according to Hayek it would be disastrous to attempt to implement it on a wide scale in place of the rules appropriate to an extended society. This, however, is precisely what socialist proposals amount to. Socialism, therefore, is best understood as instinctual revulsion against the traditional rules of a spontaneous order. Much of Hayek's book is devoted to showing how it was possible for such an erroneous doctrine to gain widespread acceptance.

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There are several major problems with this position. The first is that it is difficult to see why it does not amount to a form of fatalism—an objection that can be brought against all evolutionary theories of this type. If human society develops by groups within it acting on variant sets of rules, with the improvements being registered by relative group success as shown by expansion in numbers, and if moreover we do not know enough about the value of traditions to anticipate this result by rational deliberation, then the best advice we can give is to wait and see. There is no need to intervene actively in the struggle between capitalism and socialism. If Hayek's conjecture is right, those groups and societies which adopt rules congenial to the market order will prosper and expand, whereas those groups which allow their primitive instincts to dictate their conventions will wither and die. Socialist societies will collapse of their own accord, their surviving members migrating to join successful capitalist orders. But we cannot *know* this in advance, for the general reason that we cannot know the value of any tradition from whose persistence we benefit (or so Hayek claims). If it should turn out that some version of socialism should emerge victorious from the evolutionary struggle, it would be quite wrong, on Hayekian grounds, to intervene deliberately to prevent this outcome. Anti-socialist activity is either pointless or misguided. The proper attitude is one of disinterested contemplation of the course of human history.

But just as no Marxist has ever been able to take seriously the iron laws of history when his own intellectual or political activity is at stake, so Hayek cannot wholeheartedly acquiesce in the logical outcome of his own evolutionism. His escape route is to relax the constraints he has imposed on our capacity to assess the value of different traditions. We may not know precisely which rules are most conducive to the successful functioning of a market order, but we do know that socialism cannot possibly work. Indeed Hayek claims that socialist institutions would be quite unable to sustain the present population of the world: "to follow socialist morality would destroy much of present humankind and impoverish much of the rest" (7).

Socialism and the Multiplication of the Species

This is a bold claim to make. What reason have we to believe that it is true? Hayek treats it as an empirical claim, so the obvious way forward is to consider the evidence bearing upon it. Suppose then we were to take the Soviet Union as the nation which has, over the longest period of

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time, attempted to apply the dictates of socialism as Hayek understands them. Do we find population reductions and widespread impoverishment? In fact, over the period since 1917, the Soviet population has more than doubled, from about 130 million at the time of the Revolution to over 260 million in the 1980s; and the level of personal consumption has also risen very substantially—by erratic leaps in the period before the Second World War, but more steadily since, and at a rate comparable to that of a middling Western economy. Hayek's claim appears to be conclusively refuted.

Let me make it quite clear that I do not intend this as a defense of the Soviet Union or of its economic system. There are many good grounds for condemnation: lack of personal freedom, poor quality of life, absence of any real form of democracy. I would be as unwilling as Hayek is to see the Soviet model replace the capitalist economies of the West. But it is absurd to dismiss socialism simply on the grounds that it cannot sustain people in their present numbers or that it condemns them to starvation. This is overegging the pudding to a quite intolerable degree.

Is there any way in which Hayek could save the position here? He might claim that the Soviet Union and other allegedly socialist societies have never really practiced socialism, that they have bailed themselves out by covertly relying on markets to coordinate economic life. On the maximal definition of socialism—according to which every economic transaction must be governed by the central planning authority—this is undoubtedly true; at all times, though to greatly varying degrees, the Soviet authorities have used markets for some purposes—e.g. to allocate consumer goods, or to conduct transactions with the peasantry. What this shows, however, is that the maximal definition is not a particularly useful one if we want to talk about the real world rather than hypothetical abstractions. If the Soviet Union in the period since the Revolution is not going to count as socialist, is it really plausible to hold up socialism as a threat to the civilization we now enjoy?

Another response that Hayek might make here is suggested by his claim that "Communist countries like Russia would be starving today if their populations were not kept alive by the Western world" (131). He is presumably thinking of such facts as that the Soviet Union has, in recent years, been a net importer of grain from the West. But these imports are paid for by exports to the West in the normal manner of international trade; it is not Western charity that has kept the Russian people alive. With an advanced international division of labor, many countries, capitalist and socialist, are in a position where they would starve without imported food supplies. What is remarkable about the Soviet Union is

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the small volume of its trade with the West, given the size of its economy. If Hayek has some special reason for thinking that socialist societies could not become self-sufficient in food if international trade were to be suspended, then these might be spelt out and evaluated; here they certainly are not.

How has Hayek found himself in the position where, in order to oppose socialism, he is obliged to argue that socialist societies are unable to keep their present populations alive? Since, as I indicated above, there are many good grounds on which we are justified in condemning the statist socialism of the Soviet Union and elsewhere, why go in for such extravagant and unsustainable claims? The answer seems to be that Hayek is looking for a *conclusive* rebuttal of socialism, whereas the ordinary arguments are inconclusive insofar as they rely on appeals to moral or political principles. If we say that existing forms of socialism deny personal freedom, an opponent might challenge the value of freedom, or advance some other value such as economic security which he claimed outweighed it. Hayek's skepticism about arguments from moral principle appears to stem from the increasingly evolutionary cast of his thought. If moral norms are the products of groups competing with other groups to survive and expand, and if the future course of evolution is unknowable, then in holding up some value or principle to condemn another social system, I am presumably doing no more than parading the current prejudices of the group to which I belong. To escape from such relativism, he seeks to push the debate entirely onto the terrain of facts. As he says in the introduction to the book, "the conflict between, on one hand, advocates of the spontaneous extended human order created by a competitive market, and on the other hand those who demand a deliberate arrangement of human interaction by central authority based on collective command over available resources is due to a factual error by the latter about how knowledge of these resources is and can be generated and utilised. As a question of fact, this conflict must be settled by scientific study" (7).

Hayek would not, I think, want to deny that even after the factual question has been resolved, there is still formally at least a value question to address (which system is to be preferred?). But if it really could be shown that the effect of adopting the socialist system was to condemn large numbers of people to death by starvation, then the value question would indeed be a mere formality. Although it would still be logically possible to prefer the socialist system, it would be bizarre, to say the least. From a political point of view it is hard to envisage people opting

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for a system which holds out the prospect that the present population cannot be sustained.

As we have seen, however, the factual evidence that Hayek would need to drive this practically compelling argument home simply does not exist. There is absolutely no reason to think that socialist systems, in the forms that they have taken up to the present, cannot sustain their populations at the level of basic survival. But if the strong argument fails, there is a weaker version which might seem more plausible. This holds that, starting out from any given quantity of natural and other resources, capitalist systems will always be able to sustain a larger number of people than socialist systems. Now the claim here is counterfactual, since it refers not to actual populations but population *ceilings* under either system, so there is unlikely to be direct evidence to bear it out. On the other hand Hayek's general argument about the ability of markets to make maximally effective use of dispersed information might be regarded as indirect evidence supporting such a claim.

Suppose this weaker claim were to be accepted, what would follow for the moral choice between capitalism and socialism? It would give us a practically conclusive argument for capitalism only in the following rather special circumstances: where we inhabit a capitalist system whose present population is below the ceiling of capitalist sustainability, but which would be above the ceiling of sustainability under the version of socialism proposed; and where the timescale for the transition to socialism is set in such a way that the population cannot be allowed to adjust downwards naturally to the new ceiling. Under those circumstances, it would plainly be wrong to set out on the road to socialism. But equally there are three other sets of circumstances in which Hayek's population survival argument gives no practical guidance at all, viz. (1) where we inhabit a socialist system which already sustains its population; (2) where we inhabit a capitalist system whose population falls below the sustainable ceiling for the version of socialism we are contemplating; (3) where we inhabit a capitalist system whose population is above the sustainable ceiling for the version of socialism we are contemplating, but where it would be possible during the transition period to lower the population painlessly (e.g. by encouraging people to have fewer children than would be needed to replace deaths from old age, etc.). Thus even if it is true in general that capitalism can support more people than socialism (I have no views about this myself but am willing to concede it for the sake of argument), we would only have a pretty weak and contingent argument for supporting capitalism in practice.

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The underlying point here is that Hayek's argument about population may suffer from a damaging, indeed almost fatal, ambiguity. It is one thing to say that it would be wrong to condemn some people to death by changing to an economic system which could not sustain the present population; quite another to say that we should in general prefer the system which can sustain the largest population. The first proposition refers to existing people who will die in painful circumstances if the change comes about; the second refers to the numbers of hypothetical people who will exist under each of the alternative systems we are contemplating. To conceive of hypothetical people having a moral claim on us to be brought into existence seems to me absurd. And to take it as our political goal to choose the economic system which maximizes the population seems almost as implausible. Even a crude utilitarian would want to multiply numbers of people by the amount of happiness that on average they enjoyed.

Hayek devotes his penultimate chapter to rebutting anxieties that population growth will reduce standards of living, in poorer countries especially. He is probably right to say that too much has been made of the finite extent of global resources, and the limits this is supposed to place on world population. On the other hand he is less convincing when he argues that population growth goes hand-in-hand with increases in the standard of living, on the grounds that a larger population makes possible a more extensive division of labor. Although such a result will doubtless be seen in small communities, it is difficult to believe that in societies which already have millions of members, linked by complex networks of exchange, adding to those numbers would have any significant effect of this kind. And he chooses to ignore the various social disadvantages that accompany dense clusters of population—physical crowding, lack of access to countryside, breakdown of communal restraints on anti-social behavior, etc.—which would have to be included in any adequate index of overall living standards.

Hayek presumably makes these arguments because he believes his readers may not be convinced by the bald assertion that population growth is a good thing in itself, regardless of its impact on human welfare. But his final position seems to be that population expansion is something akin to a biological imperative: "as with every other organism, the main 'purpose' to which man's physical make-up as well as his traditions are adapted is to produce other human beings" (133). This is followed by remarks to the effect that morals have no independent standing, being products of the same evolutionary process as has expanded the population. We see here how deeply influenced by Social Darwinist

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ideas Hayek's thought has become. When the chips are finally down, all of his claims about the contribution made by the market order to freedom, to human well-being, are dispensable asides. What really matters about the market order is that it increases the sustainable population, and *that* matters not for any moral reason in the ordinary sense but because it corresponds to an evolutionary imperative that bids us to be fruitful and multiply.

I find this a depressing picture of the human condition, denying as it seems to man's capacities for reflection and choice, at least where common institutions are in question; and I am tempted to echo T. H. Huxley's response to the Social Darwinists of an earlier generation: "the ethical progress of society depends, not on imitating the cosmic process, still less in running away from it, but in combating it." Huxley's point was that we are not irretrievably locked into the evolutionary struggle for survival, but are able to stand back, consider its overall effects and intervene in whatever way we judge to be appropriate. What distinguishes human beings from other organisms is not simply that the mechanism of evolution in their case is primarily cultural rather than biological, but that they are able to *evaluate* the way in which their group or society is developing, and to choose on the basis of that evaluation whether to change direction or to continue as before.

The Great Debate

Let me return from these broad issues to the question of socialism. The editor of *The Fatal Conceit* tells us in his introduction that Hayek conceived the idea of a grand debate between the champions of the market and the leading defenders of socialism, which would finally resolve the question of the latter system's feasibility. It is plain that Hayek could only conceive the debate as having one outcome (the triumph of the market philosophy), and the problem would be whether the socialists present would be able to acknowledge that result publicly. For reasons already suggested, this idea seems to be radically to misconceive the character of this particular debate, and of ideological argument generally. To hold socialist beliefs is to be committed to a complex set of empirical, theoretical and evaluative propositions, none of which by itself plays a decisive role in vindicating socialism (the same is true of Hayekian liberalism). So no single argument—say concerning the efficiency properties of markets—no matter how cogent, could reasonably be expected to bring about a wholesale shift in political outlook. But

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although the idea of a final showdown between the two positions seems misconceived, it is perhaps worth contemplating another scenario in which the two sides entered the debate in a spirit of open-mindedness and willingness to learn from each other. What might Hayekians and socialists be able to agree about, and how would this to require them to modify their initial views?

Rather to the surprise of the members of the first camp, I imagine, there would be wide-ranging agreement on the economic necessity of markets. Although the socialists present would differ among themselves about how extensive the use of markets should be, about which kind of economic decision should be handled by market mechanisms and which by institutions of other kinds, virtually all would accept that markets had *some* place in the society they envisaged, and would correspondingly reject any straightforward definition of socialism as the replacement of the market economy by central planning. The Hayekians would not be able to persuade the socialists that if markets are good for some purposes they must be good for all purposes. But there is one particular area in which useful learning might still occur. The socialists would be inclined to favor markets for incentive reasons; they would see the virtue of markets as giving selfish individuals an adequate motive to serve social ends. A corollary of this view is that markets could be abandoned to the extent that the denizens of a socialist society became altruistically motivated. The Hayekians might here emphasize the *informational* advantages of markets: the extent to which they allow many individuals to coordinate their behavior effectively even though each individual only possesses some small fraction of the total information available in the society. This result applies regardless of how the individuals in question are motivated. It thus provides a cogent argument for markets in any complex society, no matter how altruistic the motives of its members.

The socialists for their part might press the point that the general efficiency arguments for markets fall well short of settling the question of how the market should be framed; of which set of ground rules (concerning definitions of property rights, laws of contract, etc.) is to be preferred. Hayek has always been at pains to stress that this issue of the optimal set of rules for a market order is an open question. There are no "natural" rights of property and so forth to provide an incontrovertible basis on which markets can operate. But Hayek would want to go on to say that the question must be resolved in an evolutionary manner, with groups trying out variations on the existing rules and as a result either flourishing or failing; whereas the socialists would insist that this is properly a matter of critical reflection and conscious choice. The rules

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framing the market should be assessed in terms of abstract standards of distributive justice, for instance—i.e. in terms of their likely overall impact on the relative shares of resources held by different categories of people.

Now here the socialist camp might turn a critical spotlight on the Hayekian claim. They might point out the fallacy in assuming that because a certain *group* benefits economically by deviating from existing social rules, the wider society of which the group forms a part must also benefit from wholesale deviation. One can think of many instances in which sub-groups profit by adopting rules of behavior which benefit them at the expense of others around them, and which would be socially disastrous if followed universally—consider cartels, for instance, or extortion rackets. Since there is no general reason to believe that Hayek's evolutionary optimism holds true, there is no alternative *but* to assess alternative sets of rules through critical reflection on their likely consequences. And although this does not by itself entail the application of criteria of social justice, it certainly allows for it as one possibility among others.

So far we have discovered grounds for agreement on two basic propositions: the first is that economic markets are an efficient way of conducting at least some part of society's economic business; the second is that markets can be framed in a great variety of ways, so that some mechanism must be found for choosing the optimum set of ground rules. There is a third proposition which might also turn out to command wide-ranging support in the debate we are envisaging. This points out the merits of a straightforward (but possibly quite radical) system of income redistribution as a means of improving the living standards of the worse-off members of society.

Suppose, simply by way of illustration, that money raised by taxing incomes at uniform rates was paid out in the form of a universal cash dividend, which all members of society would receive regardless of whether they earned income or not. What might attract both Hayekian liberals and socialists to a scheme of this kind? It is perhaps difficult to imagine Hayekians being positively enthusiastic about such a proposal. On the other hand, it is also difficult to see precisely what about it they would find objectionable. The market is left to operate unhindered; all that has happened is that purchasing power has been redistributed. Nor can it be said that the state is imposing some concrete set of ends on its citizens, since the cash dividend leaves its recipients entirely free to spend their money as they choose. Nor again could Hayekians say that it is *unfair* to tax income earners to provide for people who may choose not

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to work, since Hayek has gone to some lengths in earlier books to dismiss the idea that market rewards can be fair in the first place. So although a Hayekian liberal might feel that there was no real point to such a scheme, it does seem to evade all of the standard objections that Hayek levels against "socialism" as he conceives it.

The socialists present might initially feel that a scheme such as that described was an ineffective way of, for instance, dealing with the problem of poverty. But faced with evidence (which the Hayekians would no doubt be ready to supply) about the failure of more conventional welfare states to achieve anything much by way of vertical redistribution of welfare, they might come to see the virtues of a scheme which simply and straightforwardly increases the spending power of the poor. They might also reflect that a primary aim of socialism is to increase personal freedom, and that such an end is better served by increasing the options available to the worse off than by paternalist forms of provision in kind.

There are of course economic and other difficulties with the dividend scheme, and I do not particularly wish to endorse it. But reference to it does help to bring out the third respect in which we might look for convergence between contemporary socialists and Hayekians, namely the favor with which they are likely to look on cash transfer schemes as opposed to more traditional forms of state provision of welfare.

That Hayekians and socialists might be able to agree to these ways is a reflection of two underlying facts: that socialists are no longer committed in principle to central planning in place of markets, and that Hayekians are committed to markets but not to any particular surrounding framework of property rights, etc. The way is thus opened to various forms of libertarian socialism, or socialist libertarianism, in which very extensive use of economic markets can be recommended alongside radical redistributive proposals which would set the market running from a very different starting point from that characteristic of conventional capitalism.

As I noted at the outset, Hayek chooses to ignore these recent developments in social thought. He opts for a depiction of socialism which precludes by definition any creative synthesis of the kind sketched above. This seems to me a missed opportunity: as an advocate of market socialism, I regret in particular that Hayek did not undertake a critical examination of such a system since there are undoubtedly important critical questions to be asked about it from a Hayekian perspective. One's abiding impression of the book will perhaps be its strident tone, inappropriate in a context where Hayek's opponents have already conceded so much of what he demands. Although he continues to acknowl-

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edge an intellectual debt to David Hume, he has none of that great philosopher's spirit of skepticism and moderation. "I would only persuade men not to contend, as if they were fighting *pro aris et focis*, and change a good constitution into a bad one, by the violence of their factions," Hume wrote about another dispute: the message should be applied to this one too.

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Leland B. Yeager

REASON AND CULTURAL EVOLUTION

THE FATAL CONCEIT: THE ERRORS OF SOCIALISM

by F. A. Hayek

edited by W. W. Bartley, III

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Hayek nowhere fully defines the "conceit" that forms his topic, but his meaning emerges from many passages. "Constructivist rationalism," as he sometimes calls it, overrates what social engineers can accomplish by employing their reason in deliberately reshaping the world. It is the presumptuousness of socialists in supposing that they know enough to reorder the world according to their own notions of morality and social justice, all without showing due respect for inherited institutions and practices and often without bothering to learn economics.

Biology and Culture

The notions of morality and justice that typically appeal to the constructivist rationalist trace to mankind's biological inheritance. (Admittedly, I have begun interpreting or elaborating on Hayek's view; he might not agree with my every word.) Natural selection favored behavior in accordance with such notions because it promoted survival—of the individual and of the group—in the circumstances in which *Homo sapiens* evolved and has lived for all but the latest ten thousand years or so of the existence of the species. People lived in small bands of hunters and

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gatherers. All members of a band shared a common and readily discernable objective, namely, to obtain food, protection, and other requisites of survival. Each member was personally acquainted with practically all of the others. Mutual concern and sharing—most notably, sharing of the spoils of the hunt—were conducive to survival. In the days before agriculture and cities, opportunities for capital accumulation were scant, and the ethic of private property had little scope.

Mankind has not lived in economically more advanced conditions long enough to permit any appreciable change in the genetic basis of behavior and morality. Changes have occurred, but in a nonbiological way, through traditions and cultural evolution. Unlike biological evolution, cultural evolution is Lamarckian: acquired characteristics can be passed on to later generations.

Ethical precepts and kinds of behavior conducing to survival of the group and reproduction of its members tend to be selected for: groups practicing them flourish, while others wither. Groups have a better chance to prosper under traditions that conduce to the accumulation of wealth and to trade, including trade with outsiders. Favorable traditions gain ground not only through transmission to successive generations but also by being imitated. These traditions concern private property (or, as Hayek prefers to say, several property), saving, voluntary exchange, truthfulness, promise-keeping, and contract.

A tension thus remains between the genetically based traits of solidarity and altruism appropriate within small groups and the culturally based traits appropriate to what Hayek used to call the "great society" and now calls the "extended order." This order is the complex of institutions and practices that accomplish cooperation among millions and billions of persons, most of whom will never even meet one another, by deploying the knowledge that is dispersed in all their minds. Despite the just-mentioned tension, it is not true that the ethics appropriate to the developed market economy is totally at loggerheads with biology. After all, the very capacity to learn and to internalize traditions must have a biological basis.

Hayek in no way denies that the ethics biologically inherited from tribal days remains appropriate within the small groups embedded in today's extended order—the family, close friends, and, perhaps, the group of enthusiasts devoted to some particular cause. In a great society, individuals belong simultaneously to orders of several different kinds; and the intimacy available within small, close-knit groups has great psychological importance. Pursuing narrow self-interest and insisting on cost/benefit calculations even within such groups would be destructive.

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"If we were always to apply the rules of the extended order to our more intimate groupings, *we would crush them*. So we must learn to live in two sorts of world at once" (18).

Nevertheless, Hayek's suggestion that ethics is rooted in both genetics and cultural evolution does explain much. It helps explain why socialist notions of solidarity, planning for common purposes, social justice, and a fair distribution of burdens and benefits maintain their emotional appeal.

Intellectuals

Such notions blend with the mind-set of intellectuals—teachers and media personnel. (The very word "conceit" in the book's title reflects Hayek's concern with a mind-set). The intelligence of intellectuals and their role as dealers in ideas (although *second-hand* dealers) leads them to overrate the role of intelligence and deliberate thought in social institutions. They "find it hard to believe that there can exist any useful knowledge that did not originate in deliberate experimentation, or to accept the validity of any tradition apart from their own tradition of reason" (54). These people, "having absorbed rumours in the corridors of science, appoint themselves as representatives of modern thought, as persons superior in knowledge and moral virtue to any who retain a high regard for traditional values, as persons whose very duty it is to offer new ideas to the public—and who must, in order to make their wares seem novel, deride whatever is conventional." Hayek further wonders "whether these intellectuals are not sometimes inspired by resentment that they, knowing better what ought to be done, are paid so much less than those whose instructions and activities in fact guide practical affairs" (55).

Although exceptions must abound, such generalizations seem insightful. Hayek refers (esp. 100–104) to the economic ignorance of intellectuals, their condemnation of profit, and their distrust of money and finance. He cites E. M. Forster, "who seriously argued that freeing mankind from the evils of 'commercialism' had become as urgent as had been freeing it from slavery" (58). He finds examples of the dangerous mind-set in Jacques Monod, Albert Einstein, John Maynard Keynes, and even John Stuart Mill. Hayek associates Mill, the "saint of rationalism," with a "rationalistic liberalism" according to which "freedom is incompatible with any general restriction on individual action" (65). Notoriously, Mill wrote that while the laws and conditions of production

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resemble physical truths, the distribution of wealth is a matter of human institutions only, modifiable however "society" might desire (Hayek 92–93, 149). Mill's misconceptions in value theory barred him from really understanding self-steering market processes, and his prestige delayed the general acceptance of marginal-utility theory (98, 148–49). Having come under socialist influence, perhaps partly through his infatuation with Harriet Taylor, Mill "probably led more intellectuals into socialism than any other single person: fabianism was in its beginnings essentially formed by a group of his followers" (149).

Does Hayek Scorn Reason?

Hayek's opposition to what he calls "constructivist rationalism" and "scientism," along with his respect for institutions that have evolved without being consciously planned, invites suspicion that he scorns reason and science themselves. The labels Hayek has invented for the views he diagnoses may be regrettably subject to misinterpretation, but unless one can suggest better labels—and I cannot—such criticism of Hayek is idle.

Is Hayek opposed to reason, to winning knowledge by observation, experiment, logic, discussion, and scholarly controversy? Does he recommend operating, instead, by mysticism, intuition, divine revelation, gut feelings, ineffable insights? Of course not.

Hayek does argue that our existing institutions and traditions embody much knowledge that, instead of being obtained by deliberate research, remains the unarticulated product of trial and error. But he reaches his propositions to this effect as a social scientist, by observation and reasoning.

Nor does Hayek oppose natural selection and cultural evolution to "rational selection," a term used by David Ramsay Steele.[1] Steele evidently means that even in an evolutionary process that was unplanned as a whole, such as the evolution of tools or the common law, individuals did rationally select what appeared to them to be specific improvements. Hayek does not disagree. He recognizes that in the evolution of the Common Law, for example, judges decided individual cases by trying *rationally* to identify, articulate and apply practices and rules already in effect, although not yet explicitly recognized. And he certainly accepts Carl Menger's account of the spontaneous evolution of money, according to which individuals *rationally* adopted practices that facilitated their transactions.

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Unplanned Evolution and Deliberate Reform

So Hayek does not scorn reason. An equally unfounded charge is that he glorifies, as the products of benevolent natural selection, whatever institutions and traditions exist at a particular time. He supposedly erects survival into the very criterion of desirability. In Europe in the mid-1930s, according to one critic, Hayek would have accepted Nazism as the best, because the apparently most successful, political and social system.[2] Nonsense. Hayek knows that the process of cultural natural selection works slowly at best, that it works through trial and error and through mere tendencies toward eventual decline of societies with inexpedient institutions and traditions—unless they reform their institutions, perhaps by imitating more viable societies. All of this constitutes recognition that errors do occur and can persist. He also knows that deliberate attention, within a society, to how well or poorly its institutions are functioning plays a role in the evolutionary process. What he means is that the process as a whole is not directed by a single mind or committee and that not all the knowledge operating in it has been consciously articulated.

Still, one might wish that Hayek had guarded himself against misinterpretation better than perhaps he has.[3] In discussion of monetary reform, I have encountered at least a couple of controversialists who, apparently thinking they were applying Hayekian insights, rejected deliberately contrived features of possible new systems on the not-quite-explicit ground that the fact or potentiality of spontaneous evolution is an actual test of desirability. I have heard Hayek criticized for devising monetary reforms and thereby, in supposed inconsistency with his own teachings, becoming a "constructivist rationalist" himself. Arthur Diamond[4] may be correct in saying that Hayek's categorization of writers as either "constructivist rationalists" (bad) or "critical rationalists" (good) does not work. But the trouble, if there is any, is with Hayek's categories and terminology rather than with his central message. He is right in arguing that our gradually evolved institutions and practices may embody wisdom that should not be set aside merely because it has not been articulated.

Another possible complaint might be that Hayek is fighting yesterday's battles. Just about the most recent figure he criticizes is John Maynard Keynes. (His criticism takes Keynes's remark that "*In the long run* we are all dead" out of context. Hayek mistakenly attributes to Keynes John Kenneth Galbraith's sneer at "the conventional wisdom.")

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Outright constructivist advocacy of socialism by competent social scientists is dead (although not, perhaps, advocacy among literary Marxists). "Hot socialism" is dead thanks not only to experience in the Soviet bloc and third-world countries since World War II but also to Hayek's own writings, notably *The Road to Serfdom* (1944), and to writings of other intellectuals whom he has influenced. *The Fatal Conceit* is avowedly a restatement of much that he has written earlier, and he should hardly be expected to suppress whatever arguments have proved most effective against his socialist opponents. Although we in the West are no longer likely to *choose* socialism, it would perhaps be premature to discontinue warnings against what we still might blunder into.

In fact, in his latest book Hayek reaffirms his well-known strictures against conservatism. Unlike some conservatives, he does not engage in mystical glorification of tradition, class distinctions, and ancient privileges; he does not shun innovation. He does not shrink from critical inspection of existing institutions and practices. He merely cautions (e.g., 69) that healthy criticism is *immanent* criticism, criticism remaining within the general structure of our great society or extended order, criticism alert to anomalous details that might perhaps be shaped into better coherence with a free society and the morality that underpins it. He cautions against haste in tearing down anything whose rationale one does not understand and for which one can imagine a clever replacement. "Though the free man will insist on his right to examine and, when appropriate, to reject any tradition, he could not live among other people if he refused to accept countless traditions without even thinking about them, and of whose effects he remains ignorant" (62).

Although he warns against "constructivist' eagerness to bull ahead implementing one's bright ideas, Hayek does welcome (e.g., 69) cautious piecemeal experimentation with reform (what Karl Popper perhaps unfortunately called "piecemeal social engineering"). For he knows that the process of social evolution can sometimes lead into blind alleys or unfortunate paths. He recognizes that "the classical (Roman law) concept of several property . . . oversimplifies the rules required to maintain an efficient market economy, and he hails the emerging sub-discipline of economics "devoted to ascertaining how the traditional institution of property can be improved to make the market function better" (69). In *The Political Order of a Free People*[5] he recognizes that the accretion of precedents from individual court decisions can sometimes lead the common law into predicaments from which the legislature may have to extricate it by stature. He even proposes a political constitution for a free society that would depart radically from representative democracy as

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presently constituted. Better known, perhaps, is Hayek's advocacy of monetary reform along the lines of competition and private enterprise.

The very fact that Hayek develops *arguments* for personal and political freedom and for Western capitalist and democratic institutions over socialist or communist institutions shows that he does not preach smug, nonrational acceptance of whatever appears to have stood the test of time. He does not identify existence of survival with the good and meritorious. As he says, he has "no intention to commit . . . the genetic or naturalistic fallacy" (27).

Nor does Hayek's respect for grown institutions, for "results of human action but not of human design," lead him to condemn deliberately designed organizations. Of course he does not condemn the deliberating planning of a business enterprise, a research institute, a museum, a school, a club, or even a government agency. But such organizations can best function within the framework of an extended order that is not itself deliberately organized and planned as a whole. What Hayek especially condemns is the notion that the basic ethics and traditions and institutions of society as a whole are subject to appraisal *en bloc* and that, if their rationale is not obvious, they should be replaced by radically new ones invented from scratch. It is insufferable arrogance for any persons or committees to suppose that they could obtain the wisdom and knowledge necessary for any such "constructivist" enterprise.

Hayek's Utilitarianism

Hayek repeats, briefly, the questioning of the concept of "social justice" accomplished in his book of 1976, *The Mirage of Social Justice*.[6] "Social" is a weasel word, serving to poison our language. The concepts of social justice and injustice lack anything to refer to, since no person or committee or deliberate process allotted to persons their respective positions in life. If, long ago, some magic force had acquired power to enforce some egalitarian or meritocratic creed, civilization could not have evolved (74).

Much of what Hayek writes concerns ethics. This Nobel laureate in economics suggests (70), in fact, that economists, who specialize in understanding the formation of extended orders, are better equipped than specialists in other fields (clergymen and theologians?) to explain moral traditions. Without getting into details (of sexual mores, for example, or of specific rituals of courtesy), Hayek deals with the central aspects of ethics necessary for an extended order—respect for persons

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and private property, transfer of property by consent, honesty, promise-keeping, and contract.

One may ask what ethical tradition Hayek subscribes to, or where he looks for an underpinning of ethics and a basis for appraising ethical precepts. (For in ethics, too, Hayek is no stodgy conservative; he welcomes critical examination of particular features of an ethical code. What he warns against is chronic questioning of the whole existing ethical system, a chronic itch to tear it down and rebuild from scratch, an enterprise for which, as he rightly says, human knowledge is inadequate.)

I have argued elsewhere[7] that Hayek is a utilitarian. His latest book gives no reason for changing this classification. A utilitarian of Hayek's stripe appraises kinds of personal conduct, traits of character, institutions, and policy choices according to how well they cohere with a good society. The utilitarian tries to contemplate and compare alternative sets of mutually compatible social institutions. His ideal is whatever state of affairs most facilitates the success of individuals seeking to make good lives for themselves in their own diverse ways. He recognizes the importance of voluntary and mutually beneficial cooperation among individuals—through peace and security, for example, and through the gains from specialization and trade. He appraises particular policies, institutions, rules, principles, and character traits according to whether they are likely to serve or subvert social cooperation in the sense just indicated. This criterion, together with positive analysis in economics, psychology, and other disciplines, recommends approval of truth-telling, promise-keeping, justice,[8] respect for property rights and other human rights, and even, within limits, honest partiality towards oneself and one's compatriots, friends, and associates.

But social cooperation is only a *nearly* ultimate criterion. It is instrumental toward something simply taken as desirable because no further argument for its desirability is possible. I hardly know how to label that ultimately desirable something. Utilitarianism's fundamental value judgment favors individuals' success in making good lives for themselves, or fulfillment, or satisfaction, or life appropriate to human potentiality. Neither "utility" nor any other single word is an adequate label; but when a single word is required "happiness" is the traditional choice. Vagueness about just what it means in this context is of little consequence, since its prerequisite, social cooperation, serves as a surrogate criterion.

Utilitarianism understood this way is sometimes criticized as all-encompassing to the point of vacuousness. Yet it is not vacuous. Alterna-

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tive criteria come to mind. They include conformity to the will of God, somehow ascertained; or performance of duty for duty's sake, even if only intuition rather than analysis has identified duties; or conformity to intuited ethical precepts for conformity's sake, even though any consequentialist inquiry into the bases of those precepts is scorned; or overriding respect for individual rights that have simply been postulated rather than argued for on utilitarian or any other grounds, and again regardless of consequences; or conduciveness to the flourishing of the highest or noblest specimens of the human race, regardless of how ordinary people might then fare. Or instead of taking the "happiness" of people in general as the criterion, one might conceivably specify the happiness of oneself or of some other definite person or group. (Or, as discussed below, one might suggest survival rather than happiness as the criterion.)

That these alternatives are conceivable shows that the utilitarian criterion is not vacuously all-encompassing, while their implausibility strengthens the utilitarian case.

Why should anyone care about the word "utilitarian" and whether it correctly labels Hayek's position? Of course, the word itself is not an object of concern. But when a doctrine comes under attack—and utilitarianism is widely caricatured and disparaged as lowbrow, crass, and scornful of personal rights—it serves clear thinking and communication to defend that doctrine under its own name. Casting about for a new one is like trying to defend capitalism by renaming it. Such a game seems to admit that the doctrine or system defended is too odious to mention except by euphemisms.

Utilitarianism, like almost any philosophical doctrine, comes in more than one version. When Hayek appears to criticize utilitarianism, he evidently has a narrow, act-oriented, Benthamesque version in mind. (Hayek associates Bentham with "legal and moral positivism: that is, the constructivistic interpretation of systems of law and morals according to which their validity and meaning are supposed to depend wholly on the will and intention of their designers"[52].) Hayek lists "four basic philosophical concepts that generally guide contemporary thinkers along scientistic and constructivistic lines: rationalism, empiricism, positivism, and utilitarianism . . ." (61). In the definitions of these terms given in the *Fontana/Harper Dictionary of Modern Thought* (1977), he finds "declarations of war against moral traditions." They create the impression, among others, "that only that which is pleasurable should be acted upon, and that all else must be repudiated." The contention follows "that the leading moral traditions that have created and are creating our

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culture . . . are unworthy of adherence, and that our task must be to construct a new morality on the basis of scientific knowledge—usually the new morality of socialism." Hayek also attributes to "the utilitarians" the idea "that it is unreasonable to do anything unless its *effects* are not only fully known in advance but also fully observable and seen to be beneficial . . ."(62).

What Hayek criticizes, then, is utilitarianism interpreted as a call for deliberate reconstruction, practically from scratch, of all ethical standards. Of course he rejects such a call. But surely that is only a crabbed and distorted version. So is so-called act utilitarianism, which recommends doing, in each individual case, whatever seems likely to the actor to contribute most to aggregate utility.

Quite a different brand of utilitarianism is that of which David Hume is "regarded as the founder" (145). In other writings,[9] Hayek has endorsed that brand. Hume came close, says Hayek, to an evolutionary interpretation of the rules of justice and to recognizing that a trial-and-error process has operated on human institutions. He recognized that "the rules of morality are not the conclusions of reason." But, Hayek continues, Hume's followers misinterpreted him and built "a utilitarian theory of ethics according to which man consciously chooses his morals for their recognized utility" (145-46).

Explanation vs. Appraisal

But the latter is a theory—probably mistaken—of the *origins* of ethical rules. Utilitarianism, in contrast, properly understood, concerns the *appraisal* and possible reform of rules, standards, and institutions. Hayek's doctrine of cultural natural selection, on the other hand, is a piece of positive science (and as conceivably wrong, of course); it is distinct from a normative doctrine. One can accept Hayek's account of the emergence of institutions without abandoning the utilitarian criterion of their appraisal.

It may be true, further, that cultural natural selection works, typically or on the whole, toward the emergence of beneficial institutions. Hayek goes on to explain—which is one of his main messages—the *utility* of the results of this evolutionary process and the reasons why most of us, most of the time, should abide by traditions and received usages (although, to repeat, he emphatically does not counsel blind acceptance of whatever happens to exist.) So arguing, Hayek employs the utilitarian criterion of appraisal.

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Hayek explains, further, the *disutility* of constantly insisting that all existing morals and practices be either justified or scrapped. "If we stopped doing everything for which we do not know the reason, or for which we cannot provide a justification in the sense demanded [by the constructivists], we would probably very soon be dead" (68). "While our moral traditions cannot be constructed, justified or demonstrated in the way demanded, their processes of formation can be partially *re*constructed, and in doing so we can to some degree understand the needs that they serve. To the extent we succeed in this, we are indeed called upon to improve and revise our moral traditions by remedying recognisable defects by piecemeal improvements based on . . . analysing the compatibility and consistency of their parts, and tinkering with the system accordingly" (69).

Hayek doubts (69) that evolutionary selection of habitual practices had much to do with producing or seeking happiness. "On the contrary, there is much to indicate that those who aimed simply at happiness would have been overwhelmed by those who just wanted to preserve their lives."

This may well be true: the selective process probably did operate through the survival or elimination of individuals and groups, not through their happiness or unhappiness. Again, though, we must distinguish between explanatory concepts and criteria of appraisal. In the context of appraisal, do we really need to decide between survival and happiness as ultimate criteria? Social cooperation is prerequisite to both; and we can appraise institutions, practices, rules, and traditions according to whether they serve or subvert it. It is only on a particularly rarefied level of philosophizing that we need try to choose between rival ultimate criteria. Even Hayek seems to lean toward the happiness criterion when he speaks of maximizing the chances of the individual chosen at random.[10]

NOTES

1. David Ramsay Steele, "How We Got Here," *Critical Review* 2, no. 1 (Winter 1988):111–43.
2. This was suggested by a speaker at the Mises Institute conference of October 1987.
3. Geoffrey Brennan and James Buchanan, for example, impute to Hayek and his followers an unwarranted faith that spontaneous social and cultural evolution will somehow work toward an efficient pattern of rules and insti-

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tutions. Brennan and Buchanan, *The Reason of Rules* (New York: Cambridge University Press, 1985), 9–10, 149n.

4. Arthur M. Diamond, Jr., "F. A. Hayek on Constructivism and Ethics," *Journal of Libertarian Studies* 4, no. 4 (Fall 1980):353–65.
5. F. A. Hayek, *Law, Legislation and Liberty*, vol. 3, *The Political Order of a Free People* (Chicago: University of Chicago Press, 1979).
6. F. A. Hayek, *Law, Legislation and Liberty*, vol. 2, *The Mirage of Social Justice* (Chicago: University of Chicago Press, 1976).
7. Leland B. Yeager, "Utility, Rights, and Contract: Some Reflections on Hayek's Work" in Kurt R. Leube and Albert H. Zlabinger, eds., *The Political Economy of Freedom: Essays in Honor of F. A. Hayek* (Munich and Vienna: Philosophia Verlag, 1984), 61–80.
8. As John Stuart Mill emphasized in ch. 5 of *Utilitarianism*, various editions.
9. Summaries and citations appear in my article cited above.
10. F. A. Hayek, *Studies in Philosophy, Politics and Economics* (Chicago: University of Chicago Press, 1967), 163; *New Studies in Philosophy, Politics, Economics, and the History of Ideas* (Chicago: University of Chicago Press, 1978), 62–63; *The Mirage of Social Justice*, 114, 129–30, 132.

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David J. Levy

LIBERALISM, POLITICS AND ANTI-POLITICS

THE SELF, THE INDIVIDUAL AND THE COMMUNITY:
LIBERALISM IN THE POLITICAL THOUGHT OF F. A. HAYEK
AND SIDNEY AND BEATRICE WEBB

by Brian Lee Crowley

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As the twentieth century enters its final decade the political culture of liberalism, and the political theory or theories that seek to justify it, find themselves in a paradoxical situation. The great mid-century crisis—the *furor ideologicus*—which once seemed to threaten the very survival of liberal, constitutional order, even in its Western, European and North American heartlands, has passed. The radically anti-liberal, messianic political creeds, which once enchanted the intellectuals and activated the masses in a destructive fury directed against the institutional heritage of nineteenth-century constitutionalism and individualism, have lost much (though not yet all) of their appeal. The burden of the historical legacy of murder and destruction has proved too much for fascist and now, it would seem for communist faith. Western socialists, once sold on the supposed benefits of "rational" state control of economy and society, now define their critical positions in what are, historically speaking, typically liberal terms. They talk of the need to defend "civil society" against the encroachments of the state, of the sacredness of individual rights, the dangers of revolutionary change, and of the need constantly to improve the human condition by what John Gray calls "the judicious exercise of critical reason."[1]

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Alongside these political and ideological factors we must see the overwhelming fact of twentieth-century economic history: the fact that far from representing, as Marxists supposed, an irrational obstacle to the furtherance of economic advance, whether measured in terms of productive innovation, wealth-creation or general economic well-being, the mechanism of the competitive market, embodying primarily if not exclusively the principle of private ownership of the means of production, has alone proved capable of providing mass populations with a reasonable and, generally speaking, improving standard of living. In view of the apparent historical affinity between liberal, constitutional politics, based on the priority of the value of individual liberty, and capitalist economics, founded in the privileged status accorded to private enterprise, this too must be counted as a considerable plus for the supporters of a liberal political order—even if the association between economic success and political liberalism is by no means as invariable as the neo-conservative, *de jure* liberal, advocates of the benefits of "global democracy" would like us to suppose.

The widespread invocation of the name and work of F. A. Hayek, a theorist who to a unique extent combines the achievements of an original contributor to liberal constitutional thought and market-oriented economics alike, testifies to the unaccustomed spirit of confidence with which the public spokesmen of liberal political order now face the future. Yet here we should take pause: for Hayek himself seems by no means to share the historical optimism of those who most commonly invoke his name. The advocate of spontaneous order seems to have little faith in the spontaneous self-correction of the historical process of modernity. The new Marx of the bourgeoisie is not representative of what the Tory editor of London's *Sunday Telegraph* has termed "bourgeois triumphalism." Hayek, the preeminent author of a liberal rather than a socialist account of the theoretical (but not spontaneously practical) identity between the ethically desirable and the economically necessary in the form of what he calls the "Great Society," is no advocate of the "let rip" credo of the global democrats, still less the stateless fantasies of the anarcho-capitalists. Instead he advocates the installation of a complex system of authoritative institutions—a machinery of state and a rationally constructed one at that—designed not to facilitate but to curb the consuming dynamism of democratic desire.

Then again, consider the state of liberal political theory. Without entering territory I cannot hope to cover in the space of this essay, I refer to the recent and, I assume, regretful analysis of the incoherence of classical liberal theory offered in these pages by John Gray.[2] Gray char-

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acterizes what he calls a "post-liberal political theory"—a now needful theory capable of legitimating continuing liberal practice without recourse to untenable beliefs about the nature of man and the dangerously libertarian programs they engender—in terms of an arranged marriage between a modified version of the Hobbesian imperative of coercion and the Humean doctrine of the authority of convention. Thus the most judicious of contemporary liberal political philosophers seeks the security of a maximally free political order not, like his liberal mentors, in a doctrine of freedom but in the anthropologically necessary restraints of sovereign power (Hobbes) and customary cultural practice (Hume). If nothing else, this line of argument testifies to the current tension between the established political order of the free world and the rhetoric with which its less thoughtful supporters urge its claims upon our allegiance.

Politics and Anthropology

Before turning directly to the argument advanced in Dr. Crowley's *The Self, the Individual and the Community* it is worth considering a little further the nature of Gray's "post-liberal" turn and its relationship to Hayek's grand theoretical enterprise. For at the center of Crowley's work is an argument concerning the inadequacy of the concept of man which he finds embedded equally in the apparently opposed practical philosophies of the liberal individualist Hayek and the utilitarian collectivists, Sidney and Beatrice Webb. For all the differences in the outcome of their thought, Crowley claims that both Hayek and the Webbs start from the inadequate anthropological premises which he identifies with a typically liberal view of man, knowledge and society. Reference to Gray's post-liberalism will help us both to understand the force of Crowley's criticism of what he regards as the "anti-political" nature of liberal thought and the limits of his own, broadly modern-Aristotelian, alternative.

In posing the problem in terms of the relationship between politics and anthropology I mean to draw attention to the continuing significance of Aristotle's definition of man as an essentially political animal—a form of life destined by his biologically given nature to live and find fulfillment only in a politically constituted society in whose composition the economic dimension is only one, and by no means the most important, part. Underlying both Crowley's turn to Aristotle—an Aristotle significantly modified in a humanitarian direction by such "moderns" as Hannah Arendt and Ronald Beiner—and Gray's invocation of Hume

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and, more particularly, Hobbes is a recognition that the classical liberal image of man privileges one dimension of human activity, the economic, without allowing due emphasis to the sustaining political and cultural conditions which render ordered economic activity, as well as every other element of the good life, possible.

A viable polity is not only an economy, as both Crowley and Hayek clearly recognize. But neither Hayek's emphasis on the significance of the authority of legal order—the rule of law—nor Crowley's supplementation of this with an account of community in terms of a sphere of discussion and persuasion oriented toward the achievement of the common good, fully embraces the problem of political order. Each is important, but as Gray's reference to Hobbes—even a Hobbes "freed from the crudities of Hobbes's (own) anthropology and psychology"[3]—reminds us, the field of politics is, whatever else it may be, also a field of power and force: a domain of ever-potential violence in which, to use terms borrowed with some misgivings from Carl Schmitt, the "normal" state of political affairs, characterized by debate and respect for legality, is always open to "the challenge of the exception." Where debate and law cease to be respected, as may not so very exceptionally happen, only the decisive exercise of sovereign power can renew their sway. As we know all too well, such power can never be trusted to do what is required for the restoration of normal political life, but in the state of exception we have no other recourse.

In linking with Humean conventionalism the Hobbesian vision of politics as a humanly founded order forced on us, and more or less willingly accepted, in consequence of the murderous disorder of an anthropologically primordial "state of nature," Gray's suggested form of "post-liberal theorizing" resumes at a stroke the hard insight of Weberian, and Schmittian, political anthropology: that while debate is to politics as contract is to economics—the normal medium of beneficial communication—neither is self-grounding. The foundation of each rests in the possibility of enforcing the norm by recourse to ab-normal but perennially necessary physical power. That is a fact of life which no modern sentimentalizing of the Aristotelian ideal of political community can ultimately avoid. The citizen of the *polis*, whom modern Aristotelians like to picture as primarily a partner in debate, was also a soldier, who could be summoned to arms to repress internal disorder as readily as to repel a foreign enemy from the borders of his state.

This unfashionable point needs making but not, I stress, to the exclusion of the other, Humean, element in Gray's position. For the lesson of Humean conventionalism, and the position of respect for traditional

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ways it implies, is that the deeper such respect is embedded, as a matter of habit, in the culture of a society the less likely becomes the chance that we will need recourse to physical force. This is something that Hayek, a traditionalist (even if, in his own terms, no conservative), well recognizes. And yet, at the same time, Hayek's over-juridical conception of sovereign order as embodied in law, which is, without force, no more than a body of words, leads him to overestimate the efficacy of the formal institutions of justice and underplay the decisive role played by covert but widespread perceptions of legitimacy in rendering the formal judgments of the law practically effective in the life of society. This, as Crowley might say, is, in part, a function of Hayek's politically deficient anthropology, his failure to recognize the beneficent function of sentiments of community and his rejection of the notion of the common good: but it also, in my view, reflects his historical background as an Austrian, the child of a multi-national empire whose unifying political culture was, to an extent perhaps unique, identified with the supra-national, decisively non-communitarian, juridical and administrative institutions of a dynastic state.

Hayek the Austrian

This question of Hayek's background—his formative identity as an Austrian, which means much more than that he is economist in the Austrian tradition of Menger and von Mises—bears further consideration. It is, I think, not only a point too much neglected in discussions of Hayek's work but one which goes far to explain the reasons why his political anthropology takes the form it does. What Crowley regards as a neglect of the issue of community in Hayek's liberal, *Rechtstaatlich* vision of economy, state and society is based, not on an underestimation of the political significance of community—*Gemeinschaft*—but on a conscious rejection of what it seems, or seemed at least in Hayek's youth, to imply.

When Hayek, in his characterization of the "Great Society," goes out of his way to emphasize its origins in the overcoming of community sentiment by the individualist ethos of self-seeking enterprise, his argument must be understood in the historical context of the ideological debate set in motion by the publication of Ferdinand Tönnies's celebrated work in 1887. Whatever may have been Tönnies's original intention, his typology of social forms in terms of the contrast between traditional *Gemeinschaft*, based on communitarian ties of kinship and locality,

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and modern *Gesellschaft*, based on mobility, competition and self-interest, provided, for the next generation, in the notion of *Gemeinschaft* itself, an ideological symbol, a rallying point for all who felt uneasy with what they saw as the dehumanizing effects of the development of industrial, capitalist society. *Gemienschaft* provided a watchword for all those who opposed and sought, through the recreation of community, to overcome the liberal capitalist state which was Hayek's ideal.

In the specific context of the multinational Habsburg Empire the call to renewed community meant, for most of its advocates, the community of a self-consciously distinct nation, a *Volksgemeinschaft*, and thus the disruption of a state which, at least in theory, ruled its subjects in a spirit of obedience to a legal order that paid no regard to nation, race or creed. Emptied of its historically accidental features as the inherited territories of a particular dynasty, this monarchical state, Austria in its older sense, provides, in many ways, the constitutional model for Hayek's preferred form of polity—a *Rechtstaat* which generally confines itself to matters of law, order and defense; which guarantees, through the enforcement of law, the framework in which a free economy can operate effectively; and which, while claiming the allegiance of its subjects, emphatically disavows the ambition to express or incarnate the communal spirit, real or imagined, of the nation or any fraction of it.

In the old Austria of Hayek's youth, the politics of community were thus perceived as being decisively opposed to the politics of universal law and individual, in contrast to national or communal, liberty. The anthropology of community, whether conceived in nationalist or socialist terms, defined itself in opposition to the politically liberal, Hayekian anthropology of the self-dependent individual who is what he is by reason of achievement rather than birth or ascription. The appeal of community, which signifies to Crowley, as to so many of our contemporaries, merely a limitation of the effects of the individualism and the market—a compassionate mitigation of the harsher consequences of liberalism—meant for the young Hayek's anti-liberal contemporaries, not the qualification of the liberal and capitalist order but its destruction.

The Crowley Thesis

Without subscribing to the historicist myth of the determination of a man's political vision by his historical situation, it is, I think, astonishing how far the differences between Crowley's vision and that of Hayek, and

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indeed that of the Webbs, can be elucidated by reference to the historical factor. The Austria of the early 1900s is sufficiently different from the London School of Economics in the 1980s, where Crowley's book originated as a doctoral thesis, to explain, to a great extent, the nature of the criticisms advanced in the work. Hayek's work originates in a context in which the very point that Crowley takes most profoundly for granted, the compatibility of a liberal *economic* order with a renewal of communitarian, participatory politics, seemed an impossibility.

What Crowley at one point (102) astutely terms the "authoritarian nature" of Hayek's dedication to liberty, embodied in his simultaneous endorsement of the free market and his advocacy of a state whose fundamental political and legal institutions are taken to be beyond the effective scope of mass-democratic debate, is a function of the historical position described above. Hayek's combination of what is, covertly at least, a legally limited political authoritarianism with a form of economic and social libertarianism, so puzzling to many of his current admirers, is no mystery when set against the background of a situation, that of Austria-Hungary, in which what his great contemporary Eric Voegelin termed political "like-mindedness," *homonoia*, was notable by its absence. For the life of debate and ordered dispute, which is central to Crowley's neo-Aristotelian image of political life, can only be a recipe for order rather than chaos when, beneath the surface of argument, there exists a fundamental consensus as to what constitutes both the real, politically relevant community and the good life. Where *homonoia* is absent, a *de facto* authoritarian state is, like it or not, a necessary correlate of the maintenance of economic freedom and individual liberties alike.

Crowley points out that both Hayek and the Webbs "see the justification of society and politics as lying solely in the direction of society as an engine of material want satisfaction" (13). Compared with this, the distinction between the Webbs' endorsement of "rational" socialist planning and Hayek's advocacy of the universal competence of the market is a secondary matter. While differing on the means of achieving the desired goal, the two, or rather three, are in full agreement on the purpose of politics.

Crowley attributes this identity to a shared intellectual inheritance, an abstract, ahistorical view of man or, as I would put it, an anthropology, which he identifies as that of liberalism. At its core liberalism presents us with a de-politicized vision of man. In liberal thought, the Aristotelian conception of man as an essentially political being, one destined to achieve his proper ends through participation in the ordering activities of public life, in active citizenship, is displaced by a "shallow" notion of

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the human person. One aspect of this shallowness is to be found in the liberal's over-identification of the human good with economic well-being (which is, for Aristotle, merely a precondition for the good life); but another, more significant dimension of the shallowness of liberal anthropology is to be found in its diminution of the scope of political reasoning—its reduction of reasoning about the ends of human existence to a mere matter of instrumental calculation. This, in turn, is connected with an over-individualized view of man which abstracts what is supposed to be the essence of the human person from the particular historical and cultural frameworks in which, as a matter of fact, he always finds himself, and then seeks to present the bloodless residue that remains as the essence of man as such. Against this, Crowley urges that we need a richer view of the human self—one which recognizes the apparently paradoxical truth that it is precisely the *accidental*, historical and cultural features of a man's being that make him what *essentially* he is.[4]

I cannot, in the space of this review, enter into the details of Crowley's analyses of the politics, or rather anti-politics, either of Hayek or of the Webbs, which are generally astute and well expressed. It is however important to note that, while recognizing the deep affinities between them, at least at the anthropological level, Crowley is quite clear that in juxtaposing the two visions, we are not, in qualitative terms, comparing like with like. He well recognizes not only that Hayek is, in every relevant sense, much the greater, more subtle and imaginative, thinker, but also that, despite the inadequacy of its theory of politics, the social vision, or ideal, of Hayekian liberalism is infinitely preferable to that of the Webbs' managerial socialism.

With neither judgment do I disagree; even though, as already suggested, I feel that Crowley would have understood the logic of Hayek's position rather better, and even shown it a bit more sympathy, if he had taken account of the historical background against which it first took shape. When all is said and done, there is nothing arbitrary or irrational about Hayek's resistance to the siren call of the apostles of community. That said, I turn to Crowley's alternative political vision.

Anarcho-Aristotelianism

As indicated above, the spirit of Crowley's work places him full square in the line of the current Aristotelian revival. This renewal of interest in the Aristotelian conception of politics, conceived, above all, as a politics centered on the concept of active, participatory citizenship, must, I

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think, be understood largely as a reaction to the failure of the ultimately anti-political ideologies of liberalism and socialism to provide, either in theory or in practice, satisfactory answers to the problem of the triadic relationship of man, state and society.

In describing these ideologies as "anti-political" I mean that each aims, in the last resort, to make politics redundant by so ordering society that men are freed both from the challenge of substantive political choice and from the burden of rulership by anything, or anyone, but the self-directing dictates of desire. Thus, in the utopias of socialism and liberalism alike, men are conceived as living non-conflictually alongside each other; each freely pursuing his well-being, yet, by virtue of the prevailing social, but primarily economic arrangements, without prejudice to the well-being of others. Where the two visions differ is not in their endorsement of this ideal of an essentially non-political, or historically post-political, existence but in their judgments of the sort of socio-economic arrangements that would make the ideal attainable—for one a rationally planned system of socialized production and distribution, for the other the more or less spontaneous play and interplay of the market.

Crowley's critique of the anti-political anthropology of liberalism, in terms of its exaltation of the significance of the economic over other aspects of man's being, certainly brings to light some of the sources of this shared vision. And it is, I agree, a vision whose ultimately dehumanizing aspect is well diagnosed in a passage by J. G. A. Pocock which serves as an epigraph to Crowley's second chapter. "The paradigm of commerce," Pocock observes, "presented the movement of history as being toward the indefinite multiplication of goods and brought the whole progress of material, cultural and moral civilization under this head. But so long as it did not contain any equivalent to the concept of the *zoon politikon*, of the individual as an autonomous, morally and politically choosing being, progress must appear to move away from something essential to human personality. And this corruption was self-generating; society as an engine for the production and multiplication of goods was inherently hostile to society as the moral foundation of the personality" (32).

The reference here to the *zoon politikon*, the animal that is political by nature, is crucial. For contemporary Aristotelianism, like the equivalent revival of interest in the Hegelian notion of "Civil Society" that has occurred in sections of the political left, is motivated above all by the sensed need to recover an appreciation of the essentially political, as opposed to the economic, facet of human life—to revive the sense of politics as a creative dimension of human self-realization, the art of life

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par excellence, rather than as a more or less dispensible obstacle to the human good, as it appears in most traditional forms of liberal and socialist theory.

I say "most" because, *pace* Crowley's blanket condemnation of the liberal tradition as inherently anti-political, there is, in the so-called "New Liberalism" of certain late nineteenth-century thinkers, notably Bernard Bosanquet, a profound appreciation of the positive human significance of politics.[5] Indeed in its neo-Hegelian emphasis on the positive role of the state as a focus of allegiance and an ordering principle in the life of all but the smallest societies, a theory such as Bosanquet's may prove a valuable counterweight to a purported vindication of politics which, like Crowley's, recalls Aristotle's *polis* but somehow, like the new enthusiasts for civil society, forgets the place of Hegel's State in the political universe of modernity.

What I am getting at here is what I take to be a significant shortcoming in the project of renewing our sense of the human significance of politics as this is currently being pursued by neo-Aristotelians and neo-Hegelians alike. In opposition to the anti-politics of classical liberalism and socialism, both schools aim to restore to political activity its central role in the constitution of the good life. At the same time, they both tend to fight shy of facing the problem of rulership, the dimension of coercive power, that direction which is necessarily more than self-direction. Such coercion is, as much as the determination of political policy by informed debate, an inevitable aspect of the political as such. The question is whether evading this fact does not testify to yet another variety of anti-politics, a variety which, in the present context, we might justly term "anarcho-Aristotelian." By this I mean a position which, in the name of vindicating the value of politics as a form of creative human activity, more or less subtly defines out of the political field its other fundamental feature: institutionalized force and power.

Polis and State

Let me explain my point by reference to two of the terms already juxtaposed above, Aristotle's *polis* and Hegel's State.

Both *polis* and *Staat*, policy and state, belong to the vocabulary of what I imagine Crowley would recognize as authentically political visions of the human condition. And both are terms that refer to what may be called the essential element of governance, of authoritative but reasonable political direction, in the conduct of social life. Yet it is important to

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note that they do not refer to this element in precisely the same way. For, while the Aristotelian concept of the *polis* evokes the undifferentiated image of a polity of self-governing citizens in which, almost by definition, there is no distinction between rulers and ruled—truly a "government of the people, by the people, for the people"—the Hegelian notion of the state suggests an institutional form in which rule and self-rule neither are nor can be identical. Indeed Hegel's argument for the central role of the state as a source of rational political direction in the modern world is couched precisely in terms of the impossibility, in Aristotle's own terms, of maintaining the undifferentiated order of the classical *polis* in the historical and demographic conditions of modernity.

In contrast, Crowley's recourse to what claims to be a more purely Aristotelian vision of politics is, like that of other contemporary Aristotelians, based on the conviction that the ideal of the unconstrained self-rule of a free citizenry is applicable in the conditions of the present day. And while recognizing that the matter of population size, if nothing else, renders impractical the revival of the forms of direct participation that characterized the classical *polis*, Crowley believes that the modern principle of representation is capable of making good the deficiency. On both points, however, I think that Aristotle, let alone Hegel, would have had considerable doubts.

Here we should recall that, while Aristotle may be read as positing the *polis* as a universal ideal, in the sense that it is and remains the anthropologically most desirable form of political life, he neither believed that it was everywhere attainable nor even thought that every type of man was capable of achieving or maintaining it. The universality of the ideal, and its undoubted attractiveness, should not blind us to the very particular pre-political conditions, including demographic conditions concerning both the size and the composition of the population, which Aristotle, no less than Hegel, considered essential to its actualization. Whether these conditions can ever be met in the modern era is questionable; and, where they are not, it is doubtful how far the theory of the *polis*, conceived as a model of participatory citizenship and not, as the Greek city-state also was, one among other historically given forms of ultimately coercive rule, can provide us with an adequate understanding of what is at stake in political life.

In modern Cosmopolis, the Greek ideal of the political identity between *ethnos* and ethos—between a single self-consciously distinct people and its self-constitutive way of being in the world—is notable by its absence, both from our teeming cities and from the pluralist discourse of polite liberal or post-liberal society. In this circumstance the appeal to

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community can hardly be expected to produce the sort of like-mindedness presupposed by the model of the *polis*.

If this is so, we are fated to inhabit a world in which the polity is, in Hegelian terms, differentiated into the mutually sustaining realms of State and Civil Society; and where something rather like Hayek's strict institutional separation between the two may, despite its anthropological shortcomings, be the best we can hope to achieve.

NOTES

1. John Gray, "Mill's and Other Liberalisms," *Critical Review* 2, nos. 2 and 3 (Spring/Summer 1988): 12–35.
2. *Ibid.*
3. *Ibid.*
4. See on this David J. Levy, "The Politics of the Self," originally published in the *Salisbury Review*, reprinted in *Conservative Thoughts*, edited by Roger Scruton (London: Claridge Press, 1988), 81–90.
5. Gerald F. Gauss, *The Modern Liberal Theory of Man* (London: Croom Helm, 1983).

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Joanna J. Mizgala

LIBERALISM IN POLAND: REPLY TO WALICKI

Andrzej Walicki's "Liberalism in Poland" (Winter 1988) is a useful presentation of some aspects of the current intellectual climate there.

Alas, the author himself is aware that his essay may "create confusion among these readers who cling to conventional ideas about today's Poland," which ideas he finds, a little bit carelessly, in my opinion, to be "completely groundless" and their popularity more "a testimony to the vested interest of those who use them for their own political purposes than anything else."[1]

As I see it, there are two clusters of issues to consider: the first concerns the validity of the descriptive analysis of the current situation in Poland as presented in the liberals' writings; the second, the viability of the solutions proposed therein.

Let us start with the first.

The premise and the first axiom on which the whole edifice of the Polish liberals' analysis is built is that, in Prof. Walicki's words, "contemporary Poland is not a totalitarian country." This goes, indeed, against the mainstream of so-called conventional thinking. But since the assertion is, precisely, unconventional and sweeping it would require careful substantiation, which is lacking in the professor's article and not proven conclusively in the writings he analyzes.

As Walicki sees it, the brief totalitarian phase ended in 1956 and now Poland finds itself in a "very advanced stage of detotalitarianization."

I might be willing to accept the proposition that Poland indeed somehow entered a new stage, on the basis of the fact that in 1956 an era of naked force and terror as a primary instrument of exercising power on the part of the

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Communist authorities had indeed come to an end; but then, there is a matter of semantics—we are in a new stage, yes, but "advanced" or "very advanced" is just a play of words and it will remain so till the claim is proven.

By limiting the totalitarian phase in Polish history to the year 1956 Walicki makes an error of *pars pro toto*—assuming one particular variable of the totalitarian system (the Stalinist terror in this case) as a defining characteristic, the removal of which changes the very nature of the system.

Well, the period from the end of the war to 1956 was characterized by the existence of a militant totalitarianism, where the ruling elite, endowed with a conviction of a special, ontological access to the Truth was attempting to spread this ideological message, by means of terror understood as a holy crusade, to the smallest units of society. This version of totalitaranism, with its singlemindedness of purpose, monocentic structure of power and exlusivity of the ruling elite as central features, is indeed dead in Poland. Yet what liberals perceive as detotalitarianization is rather a process of the routinization of totalitarianism, from the militant stage to a milder one, one with "human face."

As Giovanni Sartori notes in his seminal *Theory of Democracy*, "Over the long haul totalitarianisms lose (as all new regimes do) their initial fervor, the impetus on which they were founded, and become as the decades go by, routinized. . . . Since routinization is a constant feature of life and history, it cannot be a sufficient reason for asserting that a democracy is no longer a democracy or that a totalitarianism no longer is a totalitarianism."[2] Sartori considers the outright terror, extermination of enemies and other worst features of totalitarianism as its pre-routine characteristics, the absence of which does not in any way invalidate the term itself.

Totalitarianism in its late phase may be less direct and action-oriented, but it nevertheless retains the "unprecedented intensity, pervasiveness and penetration—both in breadth and depth—that political domination can assume."[3]

Sartori is even of the opinion that the process of routinization may reinforce, rather than weaken, other characteristics, like Kolakowski's "total lie,"[4] by making them mere palatable to the general population, precisely because of their domesticated radicalism and by cloaking them under neutral, often nationalistic symbols.

Jeane J. Kirkpatrick has noted that since Communism is no longer able to grow "by disseminating and winning support for its own values . . . [it] grows by identifying itself with the prestige symbols of competing movements and so blurring issues, stakes and alignments." It "systematically conceals its identity" and advances "by tactical incorporation of the symbols of the opposing groups."[5] That is a precise description of the state of "mature" totalitarianism in Poland at the present moment.

The totalitarian power does not need to assert its domination in Polish society in an openly hostile way—more agreeable means will do. Authorities rely more on the cooptation of selected elites, diversification of the masses and incorpora-

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tion of nationalistic symbols (as well as the hijaking of some elements of the language of democratic opposition for their purposes) than on all-out confrontation, which is considered ineffective and obsolete from the public relations standpoint.

The authorities' plan is clever and rather devious: limited freedom of expression is allowed, "right thinking" about the economy that involves accepting drastic streamlining measures affecting an already impoverished population is hailed as favoring "a tough but necessary choice," the policentric model of public opinion is advocated—all with the hope that these normally "liberal" features will lead to the desired ends, that is, a further atomization and division of society and weakening of national unity.

When Professor Walicki recalls Mireslaw Dzielski's opinion that "the Poles do not seriously think about democracy; most of them want only more personal freedom—freedom to buy and sell, to produce, to travel . . . thus, the aspirations of the majority are fully compatible with the well-conceived interests of the powerful,"[6] he does not seem to realize that such an approach is just a fulfillment of the authorities' fondest dream of "divide and conquer."

The authorities are absolutely ready to allow some freedom to buy and sell (on a limited scale, however), to produce, to travel and so on, on one condition only—that the society will busy itself with those activities and won't ask for political representation and freedom from the all-pervasive control of the *nomenklatura*.

The fact is that in today's Poland, to the degree that there exists some freedom of economic initiative, it is a *licensed* freedom, to a large degree depending on one's intimacy with the powers-that-be. Real access to the market is administratively limited by a complicated and arbitrary system of permits, appropriations and loopholes known to those in good relations with the *nomenklatura*, but not known to the general public. Some portions of the market for particular products may be cornered by private persons with "access," mostly fast operators ready to retreat at the first sign of trouble; but to call it a free market would be preposterous. It is rather a strange case of "cohabitation," to borrow a French term.

The game plan of the authorities is to create something resembling a middle class which would be a grateful recipient of governmental favors and would not think about any "abstract" issues—like democracy, for instance. The liberals, with their wide reading in Friedman, Novak and Hayek should know better—that it is impossible to create a middle class *ex nihilo*, on command from the top and on the basis of neofeudal favoritism.

It is to the liberals' credit, as Walicki notes using the Marxist terminology, that they aim at "transforming petty-burgeois elements in Poland from a class in itself into a class for itself,"[7] but they are being unrealistic when they think that it is possible in a piecemeal fashion, in the economic sphere only and without reference to the so-called superstructure.

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A middle class in Poland may only be generated spontaneously, when the right conditions obtain. And what are those conditions? An authentically free market, with the rigors of competition, open access and free flow of information; the institutions of liberty, with the separation of powers providing for political representation on the local as well as national level and an independent judiciary up to the Supreme Court; political pluralism as an end in itself and not as an instrument of the political game of dividing society into apolitical blocs competing against each other for a smaller and smaller pie.

The precondition for attaining all of those ends is *political democracy*, of which Polish liberals speak rather scornfully and which they do not see as a basic requirement for anything else. Here they commit a grave error.

As Giovanni Sartori notes: "the fact remains that political democracy is the *requisite condition*, the requisite instrument, for whatever democracy or democratic goal we may cherish. First things must come first, and political democracy as a method or as a procedure must precede whatever substantive achievement we may demand from a democracy."[8]

He agrees with Charles Frankel that " 'the importance of the democratic political method lies mainly in its non-political byproducts.' But the 'goods' presuppose the machinery, the method that produces them. We are not required to love the machine, but we need it all the same."[9]

The problem with the Polish liberals is that they would like to obtain its byproducts without noticing that without the machinery of political democracy in place, all other partial achievements may be obtained only in retarded form, subject to reconsideration and reversal at the whim of the authorities at any moment.

The question asked by the Poles who do not belong to the liberal circle, whether it is "really possible to treat the economy as a completely autonomous sphere, and to cure its illness without curing social illness of a non-economic nature," is treated with disdain by Walicki[10] but I see it as a legitimate question of a non-dogmatic mind that is responding to the actually existing reality and not to theoretical models that, whatever their merits, are not so easily transplantable to Polish circumstances.

Political science is about models, politics is about reality. It would do much good for political discourse if liberals would see that there are some situations that even Hayek could not have imagined—and that such is the Polish situation now, where there are no easy answers and ready-made models to use.

Liberals' ideas lack a firm empirical basis. They consist mainly of preordained insights. In their approach to real-life political issues, where bread and butter is involved, they prefer the high-minded pose of a detached observer who has more than conspicuous contempt for the untutored masses.

To some extent they reveal a rather dangerous turn of mind, rationalistic by nature, where, to rely on Sartori again, "the criterion is coherence, not applicability" and where the literal faithfulness to a set of ideas takes precedence over the demands of actual circumstances. Sartori notes dryly that, in the end, the

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"rationalist puts logical rigor above everything else and hence is rational even at the cost of being unreasonable."[11]

I do not attempt to denigrate the Polish liberals' work—there is no doubt that this group of iconoclastic thinkers from Cracow introduces a lot of excitement into public life in Poland and a whole new mode of political discourse and political language. Their writings are erudite, though sometimes naive; their style is peppery and provocative. These characteristics are fresh and much needed. In a purely intellectual sense I think that they represent the wave of the future of political reflection. Precisely because of the fact that their influence grows and will grow, they should address themselves to the real issues at hand.

They should give some thought, for instance, to the question of national interest.

They observe correctly that "sound political thought should be guided by the national interest, not by abstract ideas or the changing needs of the politicized part of the population."[12] But neither should it be guided by the abstract ideas of the intellectuals.

I think that the liberals are right in assuming that at this point in history Polish masses are instinctively socialistic in their thinking. But looking at them with contempt through doctrinaire glasses is not an answer. This socialistic attitude is a variable in the political calculation with which people aspiring to political leadership must deal as with a fact of life.

It so happens that I am an admirer of Margeret Thatcher, but I do not see the Thatcherite model as applicable to the Polish situation. Even the Prime Minister herself would probably not advocate the measures she undertook in Great Britain for Poland.

When she took over the reins of power after Labor Party mismanagement, the economy of the United Kingdom, although clogged, was strong enough to withstand the harshness of the initial and radical measures that were necessary in the long run. But the Polish economy is in a state of crisis incomparable with any other contemporary situation. It simply has not enough strength to survive another shock, even with a promise of further improvement.

I personally believe that the best option for the survival of Poland as an important member of the European community and a partner in international dialogue is the introduction of the system of *democratic capitalism*, as envisioned by Michael Novak, with the essential features of a market economy, a democratic polity and a system of institutions "moved by ideals of liberty and justice for all."[13] But this is not the same as an attempt to squeeze some half-independent islands of enterpreneurship into the arbitrary, *nomenklatura*-based system. It will bring some limited liberty to some, to be sure, but it will also bring discontent to the majority of the people already on the verge of losing its biological substance.

The political question is: how do we get from here to there—from the situation as it is to the democratic capitalism of the future?

First, the liberals should accept for a fact that the cause of economic, intellectual *and political* freedom is indivisible and not to be conceded, on principle.

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With that notion firmly in mind they may consider various pragmatic measures leading to the goal of introducing them all.

One of those measures, perfectly acceptable, is the possibility of negotiations with the government—based not on some fancy notion of the commonality of interest between the powerful and the powerless and not on an incongruous (in this setting), theological language of forgiveness (which belongs entirely to a different order of discourse), but on unbending principles and dealing from a position of strength.

To trade the viable (in the long run) ideal of democratic capitalism for the short-term and mostly imaginary advantages of a semi-free market would mean accepting a skewed version of unbridled capitalism in some pockets of society and a deepening of misery and pauperization among the majority of the population.

This is not an acceptable solution from the point of view of the national interest.

To raise Poland from her present disastrous predicament requires an enormous effort of the whole nation, with all possible assistance from the international community. The first and foremost precondition for any success in that undertaking is political democracy, with its provisions for political representation and equal access to the political process, an access unrestricted by the arbitrary system of law and political decision-making based on the *nomenklatura's* monopoly on the circulation of elites.

Nothing less will do. Anything less is an illusion.

September 1988

NOTES

1. Andrzej Walicki, "Liberalism in Poland," *Critical Review* 2, no. 1 (Winter 1988): 31.
2. Throughout, I use the revised edition of *The Theory of Democracy* entitled *The Theory of Democracy Revisited* (Chatham, N.J.: Chatham House, 1987). Quotation here from pages 199-200.
3. *Ibid.*, 197.
4. *Ibid.*, 200.
5. Jeane J. Kirkpatrick, *Dictatorships and Double Standards* (New York: Simon and Schuster, 1982), 136.
6. Walicki, 26.
7. *Ibid.*, 25.
8. Sartori, 11.

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9. *Ibid.*
10. Walicki, 12.
11. Sartori, 50.
12. Walicki, 17.
13. Michael Novak, *The Spirit of Democratic Capitalism* (New York: Simon and Schuster, 1982), 14.

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Andrzej Walicki

TOTALITARIANISM AND LIBERALISM: REJOINDER TO MIZGALA

Joanna Mizgala's response to my "Liberalism in Poland" provides a good occasion for clarifying my views on two problems of wider significance: (1) the problem of totalitarianism; and (2) the relationship between liberalism and political democracy, and the difference between the liberal and the democratic visions of systemic change in the countries of "really existing socialism," especially Poland.

As to the first issue, it is not true that my refusal to describe contemporary Poland as a "totalitarian" country represents something peculiarly unconventional, placing me outside the mainstream of political thinking. When I declared my awareness of challenging conventional ideas of today's Poland, I failed to add that I meant only the conventional ideas of the militant wing of the Polish opposition, including those of Polish political emigrés. I should have added this because stubbornly clinging to the notion of "totalitarianism" is certainly not a characteristic feature of mainstream Western political science. Neither is it a dogma for the majority of politically aware Poles, let alone liberals. The same is true of analysts in the other countries of "really existing socialism." Even Czechoslovakia, where the process of de-totalitarianization is much less advanced than in Poland, has been described by its leading dissident, Vaclav Havel, as a "post-totalitarian" country.[1]

The theory of totalitarianism, as applied to socialist countries, was intended to describe the realities of the Soviet Union rather than Poland. Thus, it is relevant to keep in mind that the majority of Western Sovietologists are very cautious in using this term; as a rule, they prefer to replace it with the less ideologically loaded term "state socialism." It is widely accepted that the concept of totalitari-

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anism was useful in explaining a certain phase in the history of "really existing socialism," but was too static to explain its further development. "Within the confines of the so-called 'totalitarian model,' " wrote Chalmers Johnson, "it is hard enough to conceptualize development and its consequences. . . . It is even harder to conceptualize the resulting unintended changes in the social structure and the consequences of those changes."[2] A few years later (to quote from a recent article on the changing perspectives on Stalinism), "at the Bellagio conference organized by Robert C. Tucker in 1975, the term 'Stalinism' was preferred to 'totalitarianism,' although the most vigorous objections to the totalitarian model related to the *pre*-Stalin period. Since then, political scientists have tended to move away from a totalitarian image of the Soviet Union before and after Stalin, while tacitly accepting its applicability to the Stalinist system."[3] Many of them went even further, treating the theory of totalitarianism as a product of the Cold War and rejecting it altogether.

"Totalitarianism" Then and Now

Against this background, my position on totalitarianism is not as far removed from "mainstream thinking" as my critic assumes. And if I differ from this mainstream, it is by no means by underestimating the evil of totalitarian systems. On the contrary: I see totalitarianism, as it really existed under Stalin, as a uniquely sinister socio-political reality—a reality of total enslavement, in comparison with which the situation obtaining in contemporary Poland appears as an almost total liberation. Janusz Szpotanski, a Polish satirist of my generation, observed that the opposition in Poland "confuse Stalinism with the current times" while in fact "compared to the 1950's, [now] everything is permitted."[4] I subscribe to this diagnosis and precisely because of this I cannot agree that the difference between then and now boils down to a "routinization" of totalitarianism.

Mizgala's article is a good illustration of the fact that the younger generation of Poles cannot even imagine what totalitarianism really was. One of the reasons for this is obviously a lack of relevant experience. Small wonder: Polish totalitarianism, always much milder and less consistent than its Soviet prototype, had lost some of its most essential features already in 1956. But a general discussion of totalitarianism must, of course, start from the ideal model of totalitarianism, the closest approximation to which was the Soviet Union under Stalin. From such a perspective, some of the main assumptions underlying my opponent's reasoning turn out to be disarmingly naive. She concedes, for instance, that "in 1956 an era of naked force and terror as a primary instrument of exercising power on the part of Communist authorities had indeed come to an end" and adds that "the totalitarian power does not need to assert its domination in society in an openly hostile way—more agreeable means will do." This implies that in its classical totalitarian phase (before the "thaw" of 1956), Communist

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rule was based upon "naked force" and could afford to dominate society in "an openly hostile way." This assumption completely ignores the role of the ideological legitimation of Communist rule, its ability to mobilize and intimidate at the same time, its uncanny power of exercising moral and political pressure even on highly sophisticated intellectuals. Czesław Milosz's classic *The Captive Mind* is a telling testimony to this. It stresses that the lot of Communist countries could *not* be explained "in terms of might and coercion," that "the pressure of the state machine is nothing compared with the pressure of a convincing argument"—convincing not in the logical sense but in the sense of effectiveness in producing "mass hypnosis."[5] We are not dealing here with the alternatives of "naked force" and something "more agreeable." Constant and brutal organized pressure, combining intimidation with an elaborated and highly effective technique of mass indoctrination, capable of exercising control over human minds and thus enslaving people from within, was neither "naked force," nor, certainly, something "more agreeable." It was, in fact, incomparably *worse* than mere "naked force," because naked force, as applied in ordinary police states, aims only at the preservation of "law and order," i.e., outward conformity, and has neither the capacity nor the ambition to create a "new man," one who enthusiastically supports (or, at least, forces himself to support) all the aims and ideals of the ruling group.

The expression "open hostility" is equally inadequate. The success of totalitarianism in Stalinist Russia consisted precisely in its ability to create a situation in which it was nearly impossible to question the benevolence of the rulers as the chosen and omniscient tools of historical progress or to manifest one's open hostility to the system; the rare exceptions to this rule were those few people who managed to combine an exceptionally strong resistance to Communist indoctrination with truly heroic characters. The relationship of "open hostility" marks the *end* of totalitarianism: it means that the ruled have liberated themselves from inner enslavement and that the rulers, on the other hand, have ceased to derive their legitimacy from seeing themselves as endowed with a superior understanding of how to steer humankind towards universal earthly salvation. Such a situation obtains when the ideological legitimation of the ruling group visibly collapses, shattering its self-confidence and, at the same time, waking up the previously paralyzed forces of the civil society. True, the ruling group does not automatically surrender and restore full political freedom. But why should we expect that a ruling group will voluntarily commit political suicide? In the meantime, on what grounds could we claim that the lack of political democracy necessarily amounts to the continued existence of totalitarianism?

Totalitarianism is not a mere absence of political freedom. Even a drastic curtailment of non-political civil liberties is not necessarily a step towards totalitarianism. "The extinguishing of civil liberties in order to maintain and strengthen the regime," wrote Leszek Kolakowski, "does not amount to totalitarianism unless accompanied by the principle that every activity—economic, cultural, etc.—must be completely subordinated to the aims of the state; that not

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only are acts against the regime forbidden and ruthlessly punished, but no political actions are "neutral" and the individual citizen has no right to do anything that is not part of the state's purpose; that he is the state's property and is treated by it as such."[6] We see therefore that totalitarianism, in the proper sense of this term, differs from other non-democratic and anti-liberal systems by its conception of the *scope* of political power: it sees this power as truly unlimited, extends political control to all spheres of human life, and eliminates not only political freedom but all other freedoms as well, thus liquidating all areas in which individuals could be left to do or be what they are without political interference. But this is not all: totalitarianism presupposes also an all-embracing ideology which sets a definite order of political priorities and subordinates everything to the Great Final Goal, which means in practice that political authorities arrogate to themselves the right to moral, intellectual and cultural leadership. This leadership is exercised by means of mass indoctrination, whose most developed form consists in tightly controlled mass participation in realizing the tasks set by the rulers. All these features of totalitarianism made it very different from more traditional authoritarian regimes which (1) do not derive their legitimacy from an all-embracing ideology, (2) do not commit themselves to "a single positively formulated substantive goal,"[7] (3) do not try to extend political control to all spheres of human life and, finally (4) do not attempt to support themselves by a controlled political activization of the masses (clinging rather to the traditional policy of keeping the masses away from politics).

Post-Totalitarianism

It should be obvious that this model of totalitarianism, widely accepted in the classical literature on the subject, is not applicable to contemporary Poland. The Polish "Partocracy" no longer wants unlimited, undivided rule because it has learned that that entails unlimited, undivided responsibility. The Partocracy's legitimacy is no longer taken seriously even by its own members, isolated attempts to revive it appear ridiculous, and public declarations in favor of Communism require more civic courage than public attacks on the Communist system. Political mobilization of the masses is now conceivable only as a popular crusade against the regime; hence, paradoxically, the Party has begun to encourage apoliticism. The government stresses that it does not need to be loved; it wants only to be recognized as a "lesser evil," a geopolitical necessity, thus deriving its legitimacy from a certain understanding of the national interest at the given moment, and not from any universalist ideology. Utopian visions of the "radiant future" have completely disappeared, giving way to a rather gloomy realism; the authorities carefully avoid excessive optimism in assessing the situation in the economy because they now know how dangerous it might be to allow popular expectations to rise and then to prove unable to fulfil them. The existing system is no longer praised as the best possible; on the contrary, the

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ruling group tries to exculpate itself by putting all the blame on anonymous systemic mechanisms. The totalitarian aim of "political and moral unanimity" has been abandoned: the official policy is now so-called "socialist pluralism," which requires only a necessary minimum of national consensus. Another totalitarian idea, that of unlimited political power, has become utterly compromised; the only choice is now between *sharing* power with others (democratization) and *limiting* it by law (liberalization). Naturally enough, the ruling elitê prefers the second solution and therefore commits itself to the idea of "socialist constitutionalism." This is the meaning of such moves as the establishment of the Administrative Tribunal (to decide conflicts between citizens and administration), the Tribunal of the State (to judge those who have abused political power), the Constitutional Tribunal (to ensure the consistency of all laws with the Constitution), and ombudsmen (to protect individuals against governmental infringements of their rights). We can willingly concede that none of these institutions are either perfect or firmly rooted, but it would not be fair to conclude from this that their introduction made no visible change or that their very existence depends only on the good will of those in power.

But most important are the changes which have not been officially legislated, namely the factual retreat of the Party from many important spheres of the national life. True, Poles are deprived of the right of democratic self-determination, but, nonetheless, they have won a semi-official tolerance of oppositional activities and a quite amazing freedom of open political discussion. True, the censorship is sometimes a nuisance but, nonetheless, it can be said that Polish culture is now free, that the Party no longer dreams of directing it, that the politicization of culture is now oppositional in character and that spokesmen of the Party reduce their role to invoking "political realism," without daring to use their traditional ideological language. In economic matters freedom of public discussion is virtually unlimited; and the unqualified praise of the capitalist system has become a commonplace (just as in humanistic discourse the outspoken criticism of Marxism is common). True, the existing economic system, which is the most important source of multiple national frustrations, cannot be changed by mere words. True, this administrative-command system, a fateful legacy of the Stalinist period,[8] has proved to be more deeply rooted in social habits and more resistant to change than the reformers had thought. But this only shows that even a complete breakdown of the totalitarian project cannot automatically eradicate certain institutional leftovers of the totalitarian past. The term "post-totalitarian" refers precisely to such situations: it stresses their *transitional* character, indicating both the general direction of the movement (away from totalitarianism) and the nature of its difficulties (which stem from its totalitarian legacy).

The above is an attempt to approach the phenomenon of totalitarianism analytically and historically, stressing its enormous importance and continued relevance for understanding our times, but sharply differing both from left-wing attempts to discredit the very term "totalitarianism" and from the indiscrimi-

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nate and unhistorical usage of the concept which is characteristic of the Right. The term "totalitarianism" should be reserved, I think, for political regimes characterized by revolutionary dynamism, genuine commitment to a messianic ideology, the ability to exercise ideological control over the population and a corresponding capacity to mobilize the masses for active, though strictly controlled, participation in the "building of a new life."[9] It should be evident that none of these features can be found in the system now obtaining in Poland.

Liberalism vs. Democracy

As for the relationship between liberalism and democracy, my critic writes: "To raise Poland from her present disastrous predicament requires an enormous effort of the whole nation, with all possible assistance from the international community." I am sure that all Polish liberals would gladly subscribe to this statement. After all, it was they who proved the most consistent in rejecting the slogan of political extremists: "the worse, the better." But most of them would not agree that "the first and foremost precondition for any success in that undertaking is political democracy, with its provisions for political representation and equal access to the political process."

To explain their position, let us remember that the term "liberalism" is used here in its classical sense, that is as a concept very different from that of "democracy." Democracy defines the source of political power while liberalism is concerned with limiting its *scope*.[10] There is no logical connection between the democratic ideal of "popular sovereignty" and the liberal ideal of "limited government."[11] One can easily imagine democracy without liberalism and liberalism without democracy. Those who dislike abstract theoretical models can see the truth of this statement in the history of liberal and democratic institutions. Liberal democracy is a very late product of historical development. The original, primitive forms of democracy, so much extolled by J. J. Rousseau and other theorists of modern democratic government, were forms of tribal collectivism leaving no room for liberally conceived individual freedom. On the other hand, classical liberalism from the very beginning saw its enemies not only in authoritarian governments but also, and sometimes primarily, in democratic electorates. For a long time, it rejected on principle universal suffrage, clinging instead to various property qualifications. In France under Louis Philippe only 1.5 percent of the population had the right to vote; in Britain—even after the Reform Bill of 1832—the voting population was 3.2 percent (or 7.1 percent of population aged 20 and over). These figures show how inaccurate it is to see freedom as "indivisible," or to treat intellectual and economic freedom as mere byproducts of "the machinery of political democracy." In fact political democracy understood as "*equal* access to the political process" was everywhere the last, not the first, step in the formation of liberal-democratic orders.

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Polish liberals argue that it could not have been otherwise. In their view, the case of post-totalitarian countries provides especially important arguments for the priority of economic freedom. In Poland totalitarian communism had liquidated economic freedom (and with it the nation's capacity for healthy domestic growth and competitiveness on the world market) by subordinating the entire economy to political decision-making. There is no reason to think that under these conditions political representation would automatically restore the economy to its previous autonomous status. Indeed, there is little reason to think that a democratically elected government would weaken its grip on economic life. Allowing the economy to be ruled by its own laws might well be perceived as an unacceptable restriction of the sovereign popular will, as expressed by political decision-making. Current Polish opinion polls indicate an increasing readiness to accept the risks of a free market, but there can be no doubt that the majority of Poles have gotten used to the situation in which the economy is run by the state.[12] Polish workers might support a partial privatization of the economy as a means of reducing the power of the Party, or simply as a means of creating more and better jobs, but they are not likely to give up those "achievements of socialism" which protect them against the implacable laws of the market.[13] Hence the political democratization of the existing system entails the real danger of actually *increasing* the politicization of the economy by making it legitimate—sanctioned by the "popular will." Moreover, subordinating the economy to democratic decision-making would mean in practice endless negotiations between public authorities and multiple interest-groups, conducted in the absence of the corrective power of market mechanisms and, therefore, only increasing the existing chaos. Sooner or later this state of legalized economic anarchy will have to be replaced by a more workable system. The liberals hope that a genuine marketization would be seen by then as the only viable option.

But what about the non-economic ramifications of such economic changes?

A consistent marketization, that is a genuine autonomization of the economy, would liquidate the worst legacy of totalitarianism: the politicization of all spheres of life, the unlimited scope of political power. In conjunction with the growing emphasis on the rule of law it would mean the transition to a "nomocratic," rule-bound social order—a deep systemic change resulting in a great increase of individual freedom. This, in turn, will eventually produce a series of changes in the dominant social mentality, without which the introduction of *liberal* democracy is virtually impossible. But to start from the other end, that is, with an immediate transition to full political democracy, would bring about a *populist* type of democracy, unable to put stable rules above the whims of popular will and unwilling to limit the scope of its own political power. In other words, it would be only a democratized version of "actually existing socialism."

Another argument for the liberal view of the priority of radical economic reform in the transition to liberal democracy is the greater possibility of avoiding violent conflicts with the post-totalitarian "Partocracy." Immediate political democratization is a confrontationist option, whose radical, militant spirit is well

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expressed in my opponent's words: "Nothing less will do. Anything less is an illusion." This is so because Polish democrats see the source of all evil in the *nomenklatura*'s monopoly of power, while Polish liberals concentrate on the objective, impersonal mechanisms of the economic system, mechanisms which have long escaped anybody's control and reproduce themselves even against the will of the higher echelons of those in power. The democrats aim above all at a *transfer* of political power which would inevitably involve personal catastrophe for the ruling group, although without necessarily entailing a sufficiently radical change in the economic system.[14] Liberals, by contrast, choose a truly radical goal—a consistent marketization of the economy and the corresponding revolutionary change in social psychology—while consciously avoiding radical means by taking into account the human interests of the ruling political elite. In other words, they distinguish between the post-totalitarian economic system and the post-totalitarian ruling group, seeing the latter, or rather the more intelligent part of it, as thoroughly de-ideologized, deeply disappointed with the existing system and no longer identifying their personal and group interests with its maintenance. In addition, it is natural for Polish liberals to distrust populism and to seek support among the middle classes—both among "technocrats" employed in the nationalized economy and among private entrepreneurs operating in the non-socialized sector.

The main objection against this option is its alleged utopianism. I have heard dozens of educated people repeat endlessly that no economic system can be changed without direct political action to achieve the successful transfer of political power from one set of hands to another. For how is it possible (these people argue) to imagine that Communists could cooperate in the liquidation of Communism? How can we trust the "reformers from above" if they continue to defend the interests of the Party and refuse to share power with openly non-Communist political forces?

Despite their apparent strength, such arguments derive from a very one-sided understanding of historical processes. To see socio-economic change as dependent primarily on the (violent or non-violent) removal of the previous rulers is in fact a typically Leninist position. It is not generally true that systemic changes must be accompanied by political upheavals which bring to power a completely new political elite. Very often, even as a rule, the old political elite adapts itself to new conditions, merges with new elites, and thus not only escapes destruction but wins for itself an influential and comfortable position in the new system. Sometimes it even initiates the movement for change, as was the case of the "reforms from above" in nineteenth-century Prussia. So, why is it so irrational to expect that a significant part of the communist *nomenklatura* might seek salvation—for themselves and for their country—in committing themselves to a gradual, controlled liquidation of the Communist system?

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Perestroika and Poland

The possibility of a similar scenario in the Soviet Union has recently been discussed by Wolfgang Leonhard in his book *The Krelmin and the West: A Realistic Approach*. He distinguishes between economic reforms which would not alter basic property relations and the "commercialization" of the system which would lead to "the increased toleration of private enterprises and to the introduction of market-oriented mechanisms in agriculture, small industry, and the service sector."[15] Such a shift, undermining the state's central role in planning the economy and thus changing the very nature of the system, "could take place only on the basis of a rapprochement between the *nomenklatura* officials and the increasingly self-confident representatives of the 'second economy'; this rapprochement would be in the interest of both sides. . . . The *nomenklatura* officials are striving for personal property and wealth, and the representatives of the second economy are striving for unhindered freedom of enterprise. In the event of a 'commercialization' of the system, the first step would be the legalization of private enterprise in agriculture, small industries and the private sector. This would very probably lead to a quick increase in the scope of private economic activity. *Nomenklatura* officials would get, or simply take, the right to participate in these private ventures as a reward for having legalized them. The integration of both strata might even go both ways, as representatives of the second economy might be brought into the apparatuses of Party and State."[16]

Unlike the Soviet Union, socialist Poland has always had not only a powerful "second economy" but also a legally existing private sector, composed of private agriculture and different non-socialized small businesses. Its role in recent years was steadily growing. According to the official data (which surely underestimate it), in the years 1980–85, the contribution of the private sector to the GNP increased from 15.7 percent to 19.8 percent. Interestingly, the quickest growth was observed in its non-agricultural part. The size of the legally existing non-agricultural private sector is by no means insignificant: by the end of 1985, it consisted of almost half a million (481,719) economic units employing almost a million people. In the years 1981–84 the average growth in the socialized sector was negative 3.1 percent, while in the private sector it was plus 4.6 percent. In addition, there has appeared a tendency towards the increasing independence of the private sector from the socialized one. The authors of the article from which I have taken these data called this "the privatization of Polish economy" and asked the question: is it mere accident, or the Polish variant of a general pattern?[17]

Anyhow, if the "commercialization of the system" is likely to occur in the Soviet Union, it is much more likely to occur in Poland. In fact, we are already witnessing the beginning of this process. Representatives of the *nomenklatura* are engaging themselves in private economic activity while private entrepreneurs are being admitted to the ranks of the ruling group. Thus, the Industrial Society of Cracow (whose ideology I tried to present in my "Liberalism in Poland") has

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warmly welcomed the appearance of the Association for the Support of Economic Initiatives, composed of highly placed members of the *nomenklatura*. In May 1988 the organ of the Industrial Society wrote about the Association: "We became convinced that this Association represents a movement which genuinely supports the reform and whose special importance derives from acting within close-to-government circles. We are happy to collaborate with them."[18] A few months later an exceptionally successful private entrepreneur, Mieczyslaw Wilczek, was given the post of the Minister of Industry in the cabinet formed by the new Prime Minister, Mieczyslaw Rakowski. This highly self-confident and energetic ex-businessman is trying to remove all legal barriers restricting the growth of the private sector in the Polish economy, including the law which restricts the number of workers to be hired by a private economic unit. In an interview given to the weekly *Polityka* (entitled "Take your lot in your own hands") he said that it will be possible for a private entrepreneur in Poland to hire as many workers as he wishes—even five hundred or a thousand.[19] He tried to assure skeptical journalists that it will really be possible to remove the hitherto existing system and to replace it by a dynamic mixed economy, releasing the economic energy of the nation and bringing about the much awaited economic recovery.

Leonhard presented the possible "commercialization" of the Soviet system as a rather cynical deal between de-ideologized *nomenklatura* officials and the members of the flourishing illegal economy. Polish liberals offer a somewhat different perspective. For Miroslaw Dzielski and his Industrial Society of Cracow, being a businessman is a moral vocation, and not just money-making; marketization is not only a means of overcoming the current economic crisis but also, and above all, a way of educating the nation in the spirit of liberal values and thus restoring Poland's membership in Western civilization. Legality, the rule of law and business ethics are among the Society's chief concerns. It runs a school of business which teaches entrepreneurs and prospective entrepreneurs how it is possible to conduct business activities in Poland with legal assistance, avoiding illegality both in the form of cheating and in the form of yielding to the arbitrary demands of bureaucracy. Dzielski himself, as a member of the Social Council of the Primate, is trying to influence the interpretation of the social teaching of the Church in a way that would enable using religion as a powerful business-promoting force. The Society's plans for the future include the possibility of founding and subsidizing two chairs a the Jagiellonian University of Cracow: the chair of business and the chair of liberal politico-economic theory.

The same is true about those Polish liberals who have chosen to act within the Party. Their intellectual leaders do not belong to the *nomenklatura* and are concerned with wider issues than providing personal property and wealth to its members. They see marketization not as a means of saving in a somewhat modified form the existing system, nor merely as a means of overcoming the economic crisis. Bronislaw Lagowski has made it quite clear that he treats this system as totally unacceptable—not only economically but also, and above all,

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for moral and even aesthetic reasons. He has publicly expressed his contempt for Marxism, as well as his view of the reactionary and destructive nature of the Communist ideal. Hence it is rather absurd to call him "a Communist and, at the same time, a conservative liberal,"[20] as has recently been done by the editor of a Polish emigré journal. This example shows that membership in the Party has ceased to be synomymous with commitment to Communist ideology; instead, it has become compatible with commitment to a radical *perestroika*, i.e., an essentially anti-Communist "revolution from above."

The word *perestroika* is used to suggest that the essential meaning of Gorbachev's reforms is also anti-Communist, irrespective of the extent of his awareness of it. Gorbachev claims that it is necessary to overcome the "prejudiced attitude to the role of commodity-monetary relations"; he also tries to explain this "prejudice" as a product of specific conditions which obtained in early Soviet Russia.[21] In fact, however, the abolition of monetary exchange and commodity production constituted the very essence of Marx's and Engel's Communist ideal. Vadim Medvedev, Moscow's new ideology chief, praises the market as "a major instrument of public control of quality and cost."[22] Genuine Communists, however, have always seen the market as synonymous with economic anarchy, as a total surrender of human beings to blind, uncontrollable, quasi-natural forces. Hence the Communist ideal of human liberation presupposed the destruction of the spontaneous order of the market and its replacement by conscious, rational planning.[23] The Soviet program of *perestroika* must be seen, therefore, as a retreat from Communism, an attempt to bury its tenets and to overcome their fatal consequences.

A Polish *perestroika* will require a minimum of political stability, which is very difficult to obtain in Poland. On this Polish liberals greatly differ from the mainstream democratic opposition, for which everything is dependent on sweeping and spectacular political change. Even those political democrats who believe in the possibility of systemic evolution rather than the violent overthrow of the ruling group see that evolution as a result of constant political pressure. They view the industrial workers organized in free trade unions as the main progressive force which, in addition, should be a direct continuation of the now illegal Solidarity. The position of the liberals is very different. In their view, the situation in Poland does not allow open political competition; such a move will only give birth to endless political conflicts, strengthening the position of the hardliners, unnecessarily antagonizing the pragmatic wing of the Party and, on the whole, turning everybody's attention away from the real systemic changes. They do not think that systemic evolution is conceivable only as enforced by political pressure; they regard it as a result of the increasing malfunctioning of the economy. Following Hayek, they are aware that "a democracy may well wield totalitarian powers";[24] hence, they strive above all for economic and legal reforms which would limit the *scope* of political power. This would amount to excluding as many areas as possible from direct political interference, while formally leaving political rule, at least for the time being, in the hands of the

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reform-minded wing of the party.[25] The ideal of political democracy is not thereby abandoned, but its realization is deferred in time. The priority, according to this view, must be given to the restoration of a non-political (or non-directly political) civil society, based upon the spontaneous order of the market, and to everybody's successful adjustment to the new economic system.

My aim in this rejoinder was not to characterize all the complexities of the "Polish question"; I concentrated rather on the inner logic of liberal thinking, as applied to contemporary Poland. Perhaps both liberals and political democrats will have their share in the prospective solution of the Polish problems; if this happens, the future historians will certainly differ in their opinions on whose role in it was decisive and truly positive. I certainly do not claim that Polish liberals are one hundred percent right and immune against erroneous judgments. But I do want to defend them against the accusation of being politically naive, or unaware of the arguments set forth in my critic's article.

December 1988

NOTES

1. See V. Havel, "Sila bezsilnych" ("The force of those who lack force") in *Krytyka* no. 5 (Warsaw 1980, reprint by *Aneks*, London 1982).
2. Chalmers Johnson, "Comparing Communist Nations" in Chalmers Johnson, ed., *Change in Communist Systems* (Stanford: Stanford University Press, 1970), 2.
3. Sheila Fitzpatrick, "New Perspectives on Stalinism" in *The Russian Review* 45, no. 4 (October 1986): 357.
4. See "Against Everything That Surrounds Him: Janusz Szpotanski Speaks His Mind" in *Uncaptive Minds* 1, no. 3 (September–October 1988): 40.
5. Czeslaw Milosz, *The Captive Mind* (Harmondsworth: Penguin Books, 1985), 6, 12–13.
6. Leszek Kolakowski, *Main Currents of Marxism*, vol. 2 (Oxford: Oxford University Press, 1981), 514.
7. Cf. Herbert J. Spiro, "Totalitarianism" in David S. Sills, ed., *International Encyclopedia of the Social Sciences* (1968), vol. 16, 106–12.
8. It must be noted that German Nazism did not try to establish such a system. This indicates that the concept of "totalitarianism" as applied to both Stalinism and Nazism, characterizes a certain type of political *regime* rather than a politico-economic *system*.
9. See R. Lowenthal, "Development vs. Utopia in Communist Policy" in Johnson, 33–116. From this point of view, the stabilization of the *nomenklatura*, which occurred under Brezhnev (who gave *nomenklatura* officials the security of tenure) marked an important progress in de-totalitarianization.

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(See Lowenthal's contribution to A. Shtromas and M. A. Kaplan, *The Soviet System: Stasis and Change* [New York: Paragon House, 1988].)

This view runs counter to conventional wisdom and needs therefore a brief explanation.

The culmination of totalitarianism was the period of permanent purges, followed after World War II by the infamous "struggle against cosmopolitanism"; in these conditions, as Isaac Deutscher has said, the party bureaucracy was kept "in a state of flux, renewing permanently its composition" and not being allowed "to form a compact and articulate body with a socio-political identity of its own" (Deutscher, *The Prophet Outcast: Trotsky, 1929–1940* [London 1963], 306–7). The fully fledged *nomenklatura*, that is something similar to a "new class," enjoying a certain corporate independence and able to think in terms of its corporate interest, could only emerge in the post-utopian and (indeed) post-totalitarian stage of Soviet history.

10. See F. A. Hayek, "Liberalism" in his *New Studies in Philosophy, Politics, Economics and the History of Ideas* (London: Routledge and Kegan Paul, 1978), 119–51.
11. See Isaiah Berlin, "Two Concepts of Liberty" in his *Four Essays on Liberty* (Oxford: Oxford University Press, 1969 [especially 121–22 and 162–66]).
12. The average Pole prefers security to risk and sees economic reforms as supported mostly by the ruling group. See W. Adamski *et al.*, "Konflikty i reformy" ("Conflicts and Reforms"), *Polityka* no. 30 (July 23, 1968): 3.
13. Jerzy Surdykowski, an oppositional journalist, commented on this: "The Polish worker—and Walesa is one in spirit of upbringing and experience, despite the intellectual polish and Nobel prize—heard too much about the advantages of socialism (and benefited from it, particularly in the first post-war decade) to be totally free of the illusions of 'a human face.' Walesa's goal is, therefore, not the restoration of capitalism. When the economic reforms are finally initiated, the wall separating him from the many representatives of the intelligentsia and free professions who are partisans of 'Polish Thatcherism,' will become obvious." ("In the Aftermath of the August Strikes," *Studium Papers* 12, no. 4 [Ann Arbor, October 1988], 103).
14. Jacek Kuroń formulated this policy in his slogan, "Radical measures and moderate goals"; in March 1982 he came close to advocating a violent overthrow of the communist authorities. See J. Kuroń, *Polityka i odpowiedzialność* (*Politics and Responsibility*), *Aneks* (London 1984): 211–14.
15. Wolfgang Leonhard, *The Kremlin and the West: A Realistic Approach* (New York: W. W. Norton, 1986), 159.
16. *Ibid.*, 160–61.
17. See T. Gruszecki and R. Krawczyk, "Prywatyzacja gospodarki polskiej—przypadek czy wzorzec" ("Privatization of Polish Economy—An Accident, or a Pattern"), *Znaki Czasn* (Signs of the Time) 5, no. 1 (Paris-Vienna 1987): 76–95.

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18. *Informacje Krakowskiego Towavzystwa Przemyslowego* (*Information from the Industrial Society of Cracow*), May 1988, 3.
19. See *Polityka* no. 48, November 26, 1988, 4. Soon afterwards the new laws, abolishing the hitherto existing restrictions on the private sector, have been accepted by the Polish Parliament.
20. See A. Smolar, "Perspektywy Europy środkowo-wschodniej" ("The Perspective of East-Central Europe"), *Aneks* no. 50, (London 1988): 22-23. (Otherwise this article is full of thoughtful, sometimes brilliant, analysis.)
21. Mikhail Gorbachev, *Perestroika: New Thinking For Our Country and the World* (New York: Harper and Row, 1987), 46-47.
22. See F. Coleman, "Get in Line, Comrades: A New Top Ideology Cop," *Newsweek*, October 17, 1988: 47.
23. See my study, "Karl Marx as Philosopher of Freedom," *Critical Review* 2, no. 4 (Fall 1988): 10-58.
24. Cf. Hayek, 143.
25. The party leadership seems to display a growing acceptance of these new rules of the game. The Polish Politburo member Marian Orzechowski defined this as "conscious self-limitation of the Party's power" (see Timothy Garton Ash, "Reform or Revolution?" *The New Review of Books*, October 27, 1988: 47).

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